


TEMPO

STRUCTURED PRODUCTS

PART OF THE ALPHA REAL CAPITAL FAMILY OF COMPANIES

TEMPO-SPECIFIC DATA AND SUMMARY OF PLAN MATURITIES [38]

- ADDING TO THE LONG TERM, SECTOR-WIDE EVIDENCE OF THE EFFICACY OF STRUCTURED PRODUCTS -
- HIGHLIGHTING THE IMPORTANT GENERAL FEATURES, BENEFITS AND USPS OF STRUCTURED PRODUCTS AND THE POTENTIAL MERITS OF INCLUDING STRUCTURED PRODUCTS IN DIVERSIFIED PORTFOLIOS -
- HIGHLIGHTING THE SPECIFIC MERITS OF TEMPO'S PLAN DESIGN AND APPROACH -

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 2022)

£4.5bn

AUM

170+

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 170+ 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

- **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.£4.5 billion (as of 31 Mar 2022)
- **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

- **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

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

- **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 merits and potential benefits of FTSE 100 EWFD linked plans ... TEMPO STRUCTURED PRODUCTS

- **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

- We launched our structured product suite in June 2018 and have now launched more than 270 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 38 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: i41 structured product suite; i05 structured deposit suite; and i01 fixed rate deposit suite)	271	
Nos of kick-out plans to have kicked-out and matured	38	
Nos of matured kick-out plans that generated positive returns (total percentage)	38 / 38	100%
Nos of matured kick-out plans that repaid capital only (total percentage)	0 / 38	0%
Nos of matured kick-out plans that created a loss (total percentage)	0 / 38	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)	10.33%	9.30%
- Average annualised return of 'at or above 100% of start level' matured kick-out plans (11 / 38) (simple compound)	15.06%	13.19%
- Average annualised return of 'at or above 90% of start level' matured kick-out plans (13 / 38) (simple compound)	8.66%	7.92%
- Average annualised return of 'at or above 30% - 82.5% of start level' matured kick-out plans (14 / 38) (simple compound)	7.97%	7.38%
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

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

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 / 38	29%
Nos of matured plans that allowed index to fall from start level, to generate positive returns	27 / 38	71%
- Nos of plans that allowed index to fall 10% from start level, to generate positive returns	13 / 38	34%
- Nos of plans that allowed index to fall 17.5% - 70% from start level at end date, to generate positive returns	14 / 38	37%
- Average amount that plans allowing index to fall 17.5% - 70% allowed index to fall, to generate positive returns	41.1%	
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	52%	48%
Average end of term barrier level headroom (difference between index level at kick-out and end of term barrier level)	54.7%	

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**	27 / 38	71%
- 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**	5 / 14	36%
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)	13.24%	3.97%
- Average level of alpha by contract generated by ‘at or above 100% 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)	5.87%	1.88%
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)	10.50%	25.63%
- 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	9.98%	51.06%

* 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 plan maturities: an example of ‘alpha by contract’ ...

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%**

‘At or above 100% of start level’ plans ...

- **Plans that require the index to be at or above 100% of the start level in order to kick-out**
- these plans do not allow the index to fall, but do not need it to rise: they simply require the index to be at or above the start level in order to kick-out and generate a fixed level of return for each year that the plan has run
- they also include a defined and significant level of protection from stock market risk at the end date

Tempo plan maturities: 'at or above 100% of start level' plans ...

4 / 1 Tempo Long Kick-Out Plan – August 2018 (Issue 2): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100

The terms of Issue 2, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on any kick-out anniversary date, the plan would kick-out, generating a return of 10.75% for each year that the plan ran and repaying the initial investment.

	Start level (24.08.2018)	Year 3 level (24.08.2021)	3 year performance	ABC INX
Tempo Issue 2, LKO3	100	132.25	32.25%	
FTSE 100 EWFD	1,042.10	1,073.75	3.04%	
FTSE 100 (price return)*	7,577.49	7,125.78	-5.96%	
Vanguard FTSE 100 Index Acc**	120.05	125.72	4.72%	

Tempo LKO3 delivered 32.25% over 3 years compared to 4.72% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 27.53%, which is equivalent to 8.44% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO3 would have generated 32.25% at year 3 even if the FTSE 100 EWFD had closed c.3 percentage points lower.
- Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 107.50% at year 10 even if the FTSE 100 EWFD had not risen from its start level.
- Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

7 / 2 Tempo Long Kick-Out Plan – October 2018 (Issue 3): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100

The terms of Issue 3, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on any kick-out anniversary date, the plan would kick-out, generating a return of 11.10% for each year that the plan ran and repaying the initial investment.

	Start level (24.08.2018)	Year 3 level (24.08.2021)	3 year performance	ABC INX
Tempo Issue 3, LKO3	100	133.30	33.30%	
FTSE 100 EWFD	929.79	1,061.63	14.18%	
FTSE 100 (price return)*	6939.56	7,277.62	4.87%	
Vanguard FTSE 100 Index Acc**	110.36	129.57	17.41%	

Tempo LKO3 delivered 33.30% over 3 years compared to 17.41% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 15.89%, which is equivalent to 5.04% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO3 would have generated 33.30% at year 3 even if the FTSE 100 EWFD had closed c.14 percentage points lower.
- Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 111.00% at year 10 even if the FTSE 100 EWFD had not risen from its start level.
- Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: 'at or above 100% of start level' plans ...

10 / 3 Tempo Long Kick-Out Plan – December 2018 (Issue 4): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100

The terms of Issue 4, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on any kick-out anniversary date, the plan would kick-out, generating a return of 12.75% for each year that the plan ran and repaying the initial investment.

	Start level (28.12.2018)	Year 3 level (29.12.2021)	3 year performance	
Tempo Issue 4, LKO3	100	138.25	38.25%	ABC INX
FTSE 100 EWFD	895.37	1,076.15	20.19%	
FTSE 100 (price return)*	6,733.97	7,420.69	10.20%	
Vanguard FTSE 100 Index Acc**	107.70	132.67	23.18%	

Tempo LKO3 delivered 38.25% over 3 years compared to 23.18% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 15.07%, which is equivalent to 4.79% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO3 would have generated 38.25% at year 3 even if the FTSE 100 EWFD had closed c.20 percentage points lower.
- Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 127.50% at year 10 even if the FTSE 100 EWFD had not risen from its start level.
- Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

13 / 4 Tempo Long Kick-Out Plan – February 2019 (Issue 5): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100

The terms of Issue 5, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on any kick-out anniversary date, the plan would kick-out, generating a return of 14.75% for each year that the plan ran and repaying the initial investment.

	Start level (22.02.2019)	Year 3 level (22.02.2022)	3 year performance	
Tempo Issue5, LKO3	100	144.25	44.25%	ABC INX
FTSE 100 EWFD	968.05	1,017.73	5.13%	
FTSE 100 (price return)*	7,178.60	7,494.21	4.40%	
Vanguard FTSE 100 Index Acc**	115.50	134.21	16.20%	

Tempo LKO3 delivered 44.25% over 3 years compared to 16.20% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 28.05%, which is equivalent to 8.59% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO3 would have generated 44.35% at year 3 even if the FTSE 100 EWFD had closed c.5 percentage points lower.
- Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 147.50% at year 10 even if the FTSE 100 EWFD had not risen from its start level.
- Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: at or above 100% of start level plans ...

19 / 5 Tempo Long Kick-Out Plan – February 2020 (Issue 11): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100

The terms of Issue 11, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 12.40% for each year that the plan ran and repaying the initial investment.

	Start level (28.02.2020)	Year 3 level (28.02.2023)	3 year performance	ABC
Tempo Issue 11, LKO3	100	137.20	37.20%	
FTSE 100 EWFD	919.68	957.93	4.16%	
FTSE 100 (price return)*	6,580.61	7,876.28	19.69%	
Vanguard FTSE 100 Index Acc**	110.34	146.66	32.92%	

Tempo LKO3 delivered 37.20% over 3 years compared to 32.92% for the FTSE 100 tracker: this can be seen as '*alpha by contract*' of 4.28%, which is equivalent to 1.43% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO3 would have generated 37.20% at year 3 even if the FTSE 100 EWFD had closed c.4 percentage points lower. • Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 124.00% at year 10 even if the FTSE 100 EWFD had not risen from its start level. • Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

22 / 6 Tempo Long Kick-Out Plan – April 2020 (Issue 12): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100

The terms of Issue 12, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 20.40% for each year that the plan ran and repaying the initial investment.

	Start level (17.04.2020)	Year 3 level (17.04.2023)	3 year performance	ABC
Tempo Issue 12, LKO3	100	161.20	61.20%	
FTSE 100 EWFD	776.07	952.22	22.70%	
FTSE 100 (price return)*	5,786.96	7,879.51	36.16%	
Vanguard FTSE 100 Index Acc**	97.83	147.83	51.11%	

Tempo LKO3 delivered 61.20% over 3 years compared to 51.11% for the FTSE 100 tracker: this can be seen as '*alpha by contract*' of 10.09%, which is equivalent to 3.36% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO3 would have generated 61.20% at year 3 even if the FTSE 100 EWFD had closed c.23 percentage points lower. • Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 204.00% at year 10 even if the FTSE 100 EWFD had not risen from its start level. • Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: at or above 100% of start level plans ...

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Tempo Long Kick-Out Plan – June 2020 (Issue 13): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 13, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 17.75% for each year that the plan ran and repaying the initial investment.			
	Start level (19.06.2020)	Year 3 level (19.06.2023)	3 year performance
Tempo Issue 13, LKO3	100	153.25	53.25%
FTSE 100 EWFD	867.18	921.25	6.24%
FTSE 100 (price return)*	6,292.60	7,588.48	20.59%
Vanguard FTSE 100 Index Acc**	107.00	142.82	33.48%
<p>Tempo LKO3 delivered 53.25% over 3 years compared to 33.48% for the FTSE 100 tracker: this can be seen as '<i>alpha by contract</i>' of 19.77%, which is equivalent to 6.59% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO3 would have generated 53.25% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower. Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing. Tempo LKO3 would have generated 177.50% at year 10 even if the FTSE 100 EWFD had not risen from its start level. Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 70% at the end date. 			

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Tempo Long Kick-Out Plan – June 2020 (Issue 13.2): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 13.2, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 17.25% for each year that the plan ran and repaying the initial investment.			
	Start level (19.06.2020)	Year 3 level (19.06.2023)	3 year performance
Tempo Issue 13.2, LKO3	100	151.75	51.75%
FTSE 100 EWFD	867.18	921.25	6.24%
FTSE 100 (price return)*	6,292.60	7,588.48	20.59%
Vanguard FTSE 100 Index Acc**	107.00	142.82	33.48%
<p>Tempo LKO3 delivered 51.75% over 3 years compared to 33.48% for the FTSE 100 tracker: this can be seen as '<i>alpha by contract</i>' of 18.27%, which is equivalent to 6.09% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO3 would have generated 51.75% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower. Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing. Tempo LKO3 would have generated 172.50% at year 10 even if the FTSE 100 EWFD had not risen from its start level. Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date. 			

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Tempo plan maturities: at or above 100% of start level plans ...

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Tempo Bespoke Long Kick-Out Plan – June 2020: Option 3 ('BLKO3'); FTSE 100 EWFD; FTSE 100				
The terms of BLKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 17.25% for each year that the plan ran and repaying the initial investment.				
	Start level (26.06.2020)	Year 3 level (26.06.2023)	3 year performance	ABC
Tempo BLKO3	100	151.75	51.75%	
FTSE 100 EWFD	847.86	898.05	5.92%	
FTSE 100 (price return)*	6,159.30	7,453.58	21.01%	
Vanguard FTSE 100 Index Acc**	104.76	140.34	33.96%	
<p>Tempo BLKO3 delivered 51.75% over 3 years compared to 33.96% for the FTSE 100 tracker: this can be seen as '<i>alpha by contract</i>' of 17.79%, which is equivalent to 5.93% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none">Tempo BLKO3 would have generated 51.75% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower.Tempo BLKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.Tempo BLKO3 would have generated 172.50% at year 10 even if the FTSE 100 EWFD had not risen from its start level.Tempo BLKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.				

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Tempo Long Kick-Out Plan – July 2020 (Issue 14): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100				
The terms of Issue 14, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 15.40% for each year that the plan ran and repaying the initial investment.				
	Start level (31.07.2020)	Year 3 level (31.07.2023)	3 year performance	ABC
Tempo Issue 14, LKO3	100	146.20	46.20%	
FTSE 100 EWFD	829.83	950.45	14.54%	
FTSE 100 (price return)*	5,897.76	7,699.41	30.55%	
Vanguard FTSE 100 Index Acc**	100.03	145.84	45.80%	
Tempo LKO3 delivered 46.20% over 3 years compared to 45.80% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 0.40%, which is equivalent to 0.13% p.a. The materially different – and arguably better – risk / return profile should also be recognised: ● Tempo LKO3 would have generated 46.20% at year 3 even if the FTSE 100 EWFD had closed c.14 percentage points lower. ● Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing. ● Tempo LKO3 would have generated 154.00% at year 10 even if the FTSE 100 EWFD had not risen from its start level. ● Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.				

Tempo plan maturities: at or above 100% of start level plans ...

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Tempo Long Kick-Out Plan – September 2020 (Issue 15): Option 3 ('LKO3'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 15, LKO3 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 15.90% for each year that the plan ran and repaying the initial investment.			
	Start level (25.09.2020)	Year 3 level (25.09.2023)	3 year performance
Tempo Issue 15, LKO3	100	147.70	47.70%
FTSE 100 EWFD	842.03	912.30	8.35%
FTSE 100 (price return)*	5,842.67	7,623.99	30.49%
Vanguard FTSE 100 Index Acc**	100.33	145.02	44.54%

Tempo LKO3 delivered 47.70% over 3 years compared to 44.54% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 3.16%, which is equivalent to 1.05% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:

- Tempo LKO3 would have generated 47.70% at year 3 even if the FTSE 100 EWFD had closed c.8 percentage points lower.
- Tempo LKO3 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO3 would have generated 159.00% at year 10 even if the FTSE 100 EWFD had not risen from its start level.
- Tempo LKO3 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.

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 / 38	29%
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

- **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

‘At or above 90% of start level’ plans ...

- **Plans that require the index to be at or above 90% of the start level in order to kick-out**
- these plans allow the index to fall by up to 10%, simply requiring it to be at or above 90% of the start level in order to kick-out and generate a fixed level of return for each year that the plan has run
- they also include a defined and significant level of protection from stock market risk at the end date

Tempo plan maturities: at or above 90% of start level plans ...

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Tempo Long Kick-Out Plan – June 2018 (Issue 1): Option 1 ('LKO1'): Plan performance / benchmark comparison			
The terms of Issue 1, LKO1 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.			
	Start level (22.06.2018)	Year 3 level (22.06.2021)	3 year performance
Tempo Issue 1, LKO1	100	121.90	21.90%
FTSE 100 EWFD	1,061.62	1,056.74	-0.46%
FTSE 100 (price return)*	7,682.27	7,090.01	-7.71%
Vanguard FTSE 100 Index Acc**	120.56	123.94	2.80%
<p>Tempo LKO1 delivered 21.90% over 3 years compared to 2.80% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 19.10%, which is equivalent to 6.00% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none">Tempo LKO1 would have generated 21.90% at year 3 even if the FTSE 100 EWFD had closed c.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.Tempo LKO1 would have generated 73.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level.Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.			

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Tempo Long Kick-Out Plan – August 2018 (Issue 2): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 2, LKO1 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.			
	Start level (24.08.2018)	Year 3 level (24.08.2021)	3 year performance
Tempo Issue 2, LKO1	100	121.90	21.90%
FTSE 100 EWFD	1,042.10	1,073.75	3.04%
FTSE 100 (price return)*	7,577.49	7,125.78	-5.96%
Vanguard FTSE 100 Index Acc**	120.05	125.72	4.72%
<p>Tempo LKO1 delivered 21.90% over 3 years compared to 4.72% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 18.86%, which is equivalent to 5.93% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:</p> <ul style="list-style-type: none">Tempo LKO1 would have generated 21.90% at year 3 even if the FTSE 100 EWFD had closed c.13 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.Tempo LKO1 would have generated 73.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level.Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.			

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Tempo plan maturities: at or above 90% of start level plans ...

5 / 3 Tempo Long Kick-Out Plan – October 2018 (Issue 3): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100

The terms of Issue 3, LKO1 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 7.4% for each year that the plan ran and repaying the initial investment.

	Start level (24.08.2018)	Year 3 level (24.08.2021)	3 year performance
Tempo Issue 3, LKO1	100	122.20	22.20%
FTSE 100 EWFD	929.79	1,061.63	14.18%
FTSE 100 (price return)*	6939.56	7,277.62	4.87%
Vanguard FTSE 100 Index Acc**	110.36	129.57	17.41%

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Tempo LKO1 delivered 22.20% over 3 years compared to 17.41% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 4.79%, which is equivalent to 1.57% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:

- Tempo LKO1 would have generated 22.20% at year 3 even if the FTSE 100 EWFD had closed c.24 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.
- Tempo LKO1 would have generated 74.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level.
- Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

8 / 4 Tempo Long Kick-Out Plan – December 2018 (Issue 4): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100

The terms of Issue 4, LKO1 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 8.5% for each year that the plan ran and repaying the initial investment.

	Start level (28.12.2018)	Year 3 level (29.12.2021)	3 year performance
Tempo Issue 4, LKO1	100	125.50	25.50%
FTSE 100 EWFD	895.37	1,076.15	20.19%
FTSE 100 (price return)*	6,733.97	7,420.69	10.20%
Vanguard FTSE 100 Index Acc**	107.70	132.67	23.18%

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Tempo LKO1 delivered 25.50% over 3 years compared to 23.18% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 2.32%, which is equivalent to 0.77% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO1 would have generated 25.50% at year 3 even if the FTSE 100 EWFD had closed c.30 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.
- Tempo LKO1 would have generated 85.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level.
- Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: at or above 90% of start level plans ...

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Tempo Long Kick-Out Plan – February 2019 (Issue 5): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 5, LKO1 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 9.85% for each year that the plan ran and repaying the initial investment.			
	Start level (22.02.2019)	Year 3 level (22.02.2022)	3 year performance
Tempo Issue5, LKO1	100	129.55	29.55%
FTSE 100 EWFD	968.05	1,017.73	5.13%
FTSE 100 (price return)*	7,178.60	7,494.21	4.40%
Vanguard FTSE 100 Index Acc**	115.50	134.21	16.20%
Tempo LKO1 delivered 29.55% over 3 years compared to 16.20% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 13.35%, which is equivalent to 4.27% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:			
<ul style="list-style-type: none"> Tempo LKO1 would have generated 29.55% at year 3 even if the FTSE 100 EWFD had closed c.15 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. Tempo LKO1 would have generated 98.50% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo Long Kick-Out Plan – April 2019 (Issue 6): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 6, LKO1 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 8.10% for each year that the plan ran and repaying the initial investment.			
	Start level (26.04.2019)	Year 3 level (26.04.2022)	3 year performance
Tempo Issue 6, LKO1	100	124.30	24.30%
FTSE 100 EWFD	1,014.16	944.42	-6.88%
FTSE 100 (price return)*	7,428.19	7,386.19	-0.57%
Vanguard FTSE 100 Index Acc**	120.69	133.87	10.92%
Tempo LKO1 delivered 24.30% over 3 years compared to 10.92% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 13.38%, which is equivalent to 4.46% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:			
<ul style="list-style-type: none"> Tempo LKO1 would have generated 24.30% at year 3 even if the FTSE 100 EWFD had closed c.3 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. Tempo LKO1 would have generated 81.0% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo plan maturities: at or above 90% of start level plans ...

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Tempo Long Kick-Out Plan – June 2019 (Issue 7): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 7, LKO1 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 8.25% for each year that the plan ran and repaying the initial investment.			
	Start level (28.06.2019)	Year 3 level (28.06.2022)	3 year performance
Tempo Issue 7, LKO1	100	124.75	24.75%
FTSE 100 EWFD	991.63	897.54	-9.49%
FTSE 100 (price return)*	7,425.63	7,323.41	-1.38%
Vanguard FTSE 100 Index Acc**	121.10	132.87	9.72%
<p>Tempo LKO1 delivered 24.75% over 3 years compared to 9.72% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 15.03%, which is equivalent to 5.01% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO1 would have generated 24.75% at year 3 even if the FTSE 100 EWFD had closed c.1 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. Tempo LKO1 would have generated 82.50% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo Long Kick-Out Plan – August 2019 (Issue 8): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 8, LKO1 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 9.25% for each year that the plan ran and repaying the initial investment.			
	Start level (30.08.2019)	Year 3 level (30.08.2022)	3 year performance
Tempo Issue 8, LKO1	100	127.75	27.75%
FTSE 100 EWFD	964.28	890.28	-7.67%
FTSE 100 (price return)*	7,207.18	7,337.87	1.81%
Vanguard FTSE 100 Index Acc**	119.32	134.84	13.01%
<p>Tempo LKO1 delivered 27.75% over 3 years compared to 13.01% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 14.74%, which is equivalent to 4.91% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO1 would have generated 27.75% at year 3 even if the FTSE 100 EWFD had closed c.2 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. Tempo LKO1 would have generated 92.50% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo plan maturities: at or above 90% of start level plans ...

17 / 9 Tempo Long Kick-Out Plan – February 2020 (Issue 11): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100

The terms of Issue 11, LKO1 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 8.10% for each year that the plan ran and repaying the initial investment.

	Start level (28.02.2020)	Year 3 level (28.02.2023)	3 year performance
Tempo Issue 11, LKO1	100	124.30	24.30%
FTSE 100 EWFD	919.68	957.93	4.16%
FTSE 100 (price return)*	6,580.61	7,876.28	19.69%
Vanguard FTSE 100 Index Acc**	110.34	146.66	32.92%

Tempo LKO1 delivered 24.30% over 3 years compared to 32.92% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different – and arguably better – risk/return profile of the plan should be recognised:

- Tempo LKO1 would have generated 24.30% at year 3 even if the FTSE 100 EWFD had closed c.14 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.
- Tempo LKO1 would have generated 81.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level.
- Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

21 / 10 Tempo Long Kick-Out Plan – April 2020 (Issue 12): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100

The terms of Issue 12, LKO2 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 8.20% for each year that the plan ran and repaying the initial investment.

	Start level (17.04.2020)	Year 3 level (17.04.2023)	3 year performance
Tempo Issue 12, LKO2	100	124.60	24.60%
FTSE 100 EWFD	776.07	952.22	22.70%
FTSE 100 (price return)*	5,786.96	7,879.51	36.16%
Vanguard FTSE 100 Index Acc**	97.83	147.83	51.11%

Tempo LKO2 delivered 24.60% over 3 years compared to 51.11% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised:

- Tempo LKO2 would have generated 24.60% at year 3 even if the FTSE 100 EWFD had closed c.33 percentage points lower.
- Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO2 would have generated 82.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from its start level.
- Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: at or above 90% of start level plans ...

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Tempo Long Kick-Out Plan – October 2019 (Issue 9): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 9, LKO1 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 11.60% for each year that the plan ran and repaying the initial investment.			
	Start level (18.10.2019)	Year 4 level (18.10.2023)	4 year performance
Tempo Issue 9, LKO1	100	146.40	46.40%
FTSE 100 EWFD	982.58	888.46	-9.58%
FTSE 100 (price return)*	7,150.57	7,588.00	6.12%
Vanguard FTSE 100 Index Acc**	118.30	144.56	22.20%
<p>Tempo LKO1 delivered 46.40% over 4 years compared to 22.20% for the FTSE 100 tracker: this can be seen as '<i>alpha by contract</i>' of 24.20%, equivalent to 6.05% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO1 would have generated 46.40% at year 4 even if the FTSE 100 EWFD had closed c.1 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. Tempo LKO1 would have generated 116.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from the start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo Long Kick-Out Plan – October 2019 (Issue 9.2): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 9.2, LKO1 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 10.10% for each year that the plan ran and repaying the initial investment.			
	Start level (18.10.2019)	Year 4 level (18.10.2023)	4 year performance
Tempo Issue 9.2, LKO1	100	140.40	40.40%
FTSE 100 EWFD	982.58	888.46	-9.58%
FTSE 100 (price return)*	7,150.57	7,588.00	6.12%
Vanguard FTSE 100 Index Acc**	118.30	144.56	22.20%
<p>Tempo LKO1 delivered 40.40% over 4 years compared to 22.20% for the FTSE 100 tracker: this can be seen as '<i>alpha by contract</i>' of 18.20%, equivalent to 4.55% p.a. The materially different – and arguably better – risk/ return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO1 would have generated 40.40% at year 4 even if the FTSE 100 EWFD had closed c.1 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. Tempo LKO1 would have generated 101.00% at year 10 even if the FTSE 100 EWFD had fallen by 10% from the start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo plan maturities: at or above 90% of start level plans ...

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Tempo Long Kick-Out Plan – December 2019 (Issue 10): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 10, LKO1 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 11.25% for each year that the plan ran and repaying the initial investment.			
	Start level (06.12.2019)	Year 4 level (06.12.2023)	4 year performance
Tempo Issue 10, LKO1	100	145.00	45.00%
FTSE 100 EWFD	1,007.21	935.18	-7.15%
FTSE 100 (price return)*	7,239.66	7,515.38	3.81%
Vanguard FTSE 100 Index Acc**	120.92	144.57	19.56%
<p>Tempo LKO1 delivered 45.00% over 4 years compared to 19.56% for the FTSE 100 tracker: this can be seen as '<i>alpha by contract</i>' of 25.44%, equivalent to 6.36% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO1 would have generated 45.00% at year 4 even if the FTSE 100 EWFD had closed c.3 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. Tempo LKO1 would have generated 112.50% at year 10 even if the FTSE 100 EWFD had fallen by 10% from the start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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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 / 38	34%
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

- **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’ plans ...

- **Plans that require the index to be at or above 30% - 82.5% of the start level in order to kick-out**
- these plans allow the index to fall between 17.5% - 70%, simply requiring it to be at or above 30% - 82.5% of the start level in order to kick-out and generate a fixed level of return for each year that the plan has run
- they also include a defined and significant level of protection from stock market risk at the end date

Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS



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Tempo Long Kick-Out Plan – August 2018 (Issue 2): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100

The terms of Issue 2, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 6.85% for each year that the plan ran and repaying the initial investment.

	Start level (24.08.2018)	Year 3 level (24.08.2021)	3 year performance	
Tempo Issue 2, LKO2	100	120.55	20.55%	ABC INX
FTSE 100 EWFD	1,042.10	1,073.75	3.04%	
FTSE 100 (price return)*	7,577.49	7,125.78	-5.96%	
Vanguard FTSE 100 Index Acc**	120.05	125.72	4.72%	

Tempo LKO2 delivered 20.55% over 3 years compared to 4.72% for the FTSE 100 tracker: this can be seen as '*alpha by contract*' of 15.83%, which is equivalent to 5.02% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO2 would have generated 20.55 % at year 3 even if the FTSE 100 EWFD had closed c.3 percentage points lower.
- Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO2 would have generated 68.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level.
- Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

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Tempo Long Kick-Out Plan – October 2018 (Issue 3): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100

The terms of Issue 3, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 6.85% for each year that the plan ran and repaying the initial investment.

	Start level (24.08.2018)	Year 3 level (24.08.2021)	3 year performance	
Tempo Issue 3, LKO2	100	120.55	20.55%	ABC INX
FTSE 100 EWFD	929.79	1,061.63	14.18%	
FTSE 100 (price return)*	6939.56	7,277.62	4.87%	
Vanguard FTSE 100 Index Acc**	110.36	129.57	17.41%	

Tempo LKO2 delivered 20.55% over 3 years compared to 17.41% for the FTSE 100 tracker: this can be seen as '*alpha by contract*' of 3.14%, which is equivalent to 1.04% p.a. The materially different – and arguably better – risk / return profile should also be recognised:

- Tempo LKO2 would have generated 20.55% at year 3 even if the FTSE 100 EWFD had closed c.14 percentage points lower.
- Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out decreasing.
- Tempo LKO2 would have generated 68.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level.
- Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS



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Tempo Long Kick-Out Plan – December 2018 (Issue 4): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 4, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 7.75% for each year that the plan ran and repaying the initial investment.			
	Start level (28.12.2018)	Year 3 level (29.12.2021)	3 year performance
Tempo Issue 4, LKO2	100	123.25	23.25%
FTSE 100 EWFD	895.37	1,076.15	20.19%
FTSE 100 (price return)*	6,733.97	7,420.69	10.20%
Vanguard FTSE 100 Index Acc**	107.70	132.67	23.18%
<p>Tempo LKO2 delivered 23.25% over 3 years compared to 23.18% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 0.07%, which is equivalent to 0.023% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO2 would have generated 23.25% at year 3 even if the FTSE 100 EWFD had closed c.20 percentage points lower. Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out decreasing. Tempo LKO2 would have generated 77.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level. Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo Long Kick-Out Plan – February 2019 (Issue 5): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 5, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 8.75% for each year that the plan ran and repaying the initial investment.			
	Start level (22.02.2019)	Year 3 level (22.02.2022)	3 year performance
Tempo Issue5, LKO2	100	126.25	26.25%
FTSE 100 EWFD	968.05	1,017.73	5.13%
FTSE 100 (price return)*	7,178.60	7,494.21	4.40%
Vanguard FTSE 100 Index Acc**	115.50	134.21	16.20%
<p>Tempo LKO2 delivered 26.25% over 3 years compared to 16.20% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 10.05%, which is equivalent to 3.24% p.a. The materially different – and arguably better – risk / return profile should also be recognised:</p> <ul style="list-style-type: none"> Tempo LKO2 would have generated 26.25% at year 3 even if the FTSE 100 EWFD had closed c.5 percentage points lower. Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing. Tempo LKO2 would have generated 87.5% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level. Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date. 			

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Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS



18 / 5 Tempo Long Kick-Out Plan – February 2020 (Issue 11): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100

The terms of Issue 11, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 7.00% for each year that the plan ran and repaying the initial investment.

	Start level (28.02.2020)	Year 3 level (28.02.2023)	3 year performance
Tempo Issue 11, LKO2	100	121.00	21.00%
FTSE 100 EWFD	919.68	957.93	4.16%
FTSE 100 (price return)*	6,580.61	7,876.28	19.69%
Vanguard FTSE 100 Index Acc**	110.34	146.66	32.92%

Tempo LKO2 delivered 21.00% over 3 years compared to 32.92% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different – and arguably better – risk/return profile of the plan should be recognised:

- Tempo LKO2 would have generated 21.00% at year 3 even if the FTSE 100 EWFD had closed c.4 percentage points lower.
- Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO2 would have generated 70.00% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level.
- Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

20 / 6 Tempo Long Kick-Out Plan – April 2020 (Issue 12): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100

The terms of Issue 12, LKO1 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 7.10% for each year that the plan ran and repaying the initial investment.

	Start level (17.04.2020)	Year 3 level (17.04.2023)	3 year performance
Tempo Issue 12, LKO1	100	121.30	21.30%
FTSE 100 EWFD	776.07	952.22	22.70%
FTSE 100 (price return)*	5,786.96	7,879.51	36.16%
Vanguard FTSE 100 Index Acc**	97.83	147.83	51.11%

Tempo LKO1 delivered 21.30% over 3 years compared to 51.11% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised:

- Tempo LKO1 would have generated 21.30% at year 3 even if the FTSE 100 EWFD had closed c.23 percentage points lower.
- Tempo LKO1 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out decreasing by 5% each year.
- Tempo LKO1 would have generated 71.00% at year 10 even if the FTSE 100 EWFD had fallen by 35% from the start level.
- Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 40% at the end date.

Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS



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Tempo Long Kick-Out Plan – June 2020 (Issue 13): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 13, LKO1 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 5.75% for each year that the plan ran and repaying the initial investment.			
	Start level (19.06.2020)	Year 3 level (19.06.2023)	3 year performance
Tempo Issue 13, LKO1	100	117.25	17.25%
FTSE 100 EWFD	867.18	921.25	6.24%
FTSE 100 (price return)*	6,292.60	7,588.48	20.59%
Vanguard FTSE 100 Index Acc**	107.00	142.82	33.48%
Tempo LKO1 delivered 17.25% over 3 years compared to 33.48% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised:			
<ul style="list-style-type: none"> Tempo LKO1 would have generated 17.25% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower. Tempo LKO1 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out decreasing by 10% p.a. Tempo LKO1 would have generated 57.50% at year 10 even if the FTSE 100 EWFD had fallen by 70% from the start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 70% at the end date. 			

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Tempo Long Kick-Out Plan – June 2020 (Issue 13): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 13, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 11.25% for each year that the plan ran and repaying the initial investment.			
	Start level (19.06.2020)	Year 3 level (19.06.2023)	3 year performance
Tempo Issue 13, LKO2	100	133.75	33.75%
FTSE 100 EWFD	867.18	921.25	6.24%
FTSE 100 (price return)*	6,292.60	7,588.48	20.59%
Vanguard FTSE 100 Index Acc**	107.00	142.82	33.48%
Tempo LKO2 delivered 33.75% over 3 years compared to 33.48% for the FTSE 100 tracker: this can be seen as 'alpha by contract' of 0.27%, which is equivalent to 0.09% p.a. The materially different – and arguably better – risk / return profile should also be recognised:			
<ul style="list-style-type: none"> Tempo LKO2 would have generated 112.50% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower. Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing. Tempo LKO2 would have generated 112.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level. Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 70% at the end date. 			

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Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS



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Tempo Long Kick-Out Plan – June 2020 (Issue 13.2): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100

The terms of Issue 13.2, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 10.75% for each year that the plan ran and repaying the initial investment.

	Start level (19.06.2020)	Year 3 level (19.06.2023)	3 year performance
Tempo Issue 13.2, LKO2	100	132.25	32.25%
FTSE 100 EWFD	867.18	921.25	6.24%
FTSE 100 (price return)*	6,292.60	7,588.48	20.59%
Vanguard FTSE 100 Index Acc**	107.00	142.82	33.48%

Tempo LKO2 delivered 32.25% over 3 years compared to 33.48% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk / return profile of the plan should be recognised:

- Tempo LKO2 would have generated 107.50% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower.
- Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo LKO2 would have generated 107.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level.
- Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.

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Tempo Bespoke Long Kick-Out Plan – June 2020: Option 2 ('BLKO2'); FTSE 100 EWFD; FTSE 100

The terms of BLKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 10.40% for each year that the plan ran and repaying the initial investment.

	Start level (26.06.2020)	Year 3 level (26.06.2023)	3 year performance
Tempo BLKO2	100	131.20	31.20%
FTSE 100 EWFD	847.86	898.05	5.92%
FTSE 100 (price return)*	6,159.30	7,453.58	21.01%
Vanguard FTSE 100 Index Acc**	104.76	140.34	33.96%

Tempo BLKO2 delivered 31.20% over 3 years compared to 33.96% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk / return profile of the plan should be recognised:

- Tempo BLKO2 would have generated 104.00% at year 3 even if the FTSE 100 EWFD had closed c.6 percentage points lower.
- Tempo BLKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing.
- Tempo BLKO2 would have generated 104.00% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level.
- Tempo BLKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.

Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS



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Tempo Long Kick-Out Plan – July 2020 (Issue 14): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 14, LKO1 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 5.25% for each year that the plan ran and repaying the initial investment.			
	Start level (31.07.2020)	Year 3 level (31.07.2023)	3 year performance
Tempo Issue 14, LKO1	100	115.75	15.75%
FTSE 100 EWFD	829.83	950.45	14.54%
FTSE 100 (price return)*	5,897.76	7,699.41	30.55%
Vanguard FTSE 100 Index Acc**	100.03	145.84	45.80%
Tempo LKO1 delivered 15.75% over 3 years compared to 45.80% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised: • Tempo LKO1 would have generated 15.75% at year 3 even if the FTSE 100 EWFD had closed c.14 percentage points lower. • Tempo LKO1 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out decreasing by 5% each year. • Tempo LKO1 would have generated 52.50% at year 10 even if the FTSE 100 EWFD had fallen by 60% from the start level. • Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.			

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Tempo Long Kick-Out Plan – July 2020 (Issue 14): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 14, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 9.25% for each year that the plan ran and repaying the initial investment.			
	Start level (31.07.2020)	Year 3 level (31.07.2023)	3 year performance
Tempo Issue 14, LKO2	100	127.75	27.75%
FTSE 100 EWFD	829.83	950.45	14.54%
FTSE 100 (price return)*	5,897.76	7,699.41	30.55%
Vanguard FTSE 100 Index Acc**	100.03	145.84	45.80%
Tempo LKO2 delivered 27.75% over 3 years compared to 45.80% for the FTSE 100 tracker: While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised: • Tempo LKO2 would have generated 27.75% at year 3 even if the FTSE 100 EWFD had closed c.14 percentage points lower. • Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, without the index condition needed to trigger kick-out increasing. • Tempo LKO2 would have generated 92.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level. • Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date.			

Tempo plan maturities: at or above 30% - 82.5% of start level plans .. TEMPO STRUCTURED PRODUCTS

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Tempo Long Kick-Out Plan – September 2020 (Issue 15): Option 1 ('LKO1'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 15, LKO1 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 5.20% for each year that the plan ran and repaying the initial investment.			
	Start level (25.09.2020)	Year 3 level (25.09.2023)	3 year performance
Tempo Issue 15, LKO1	100	115.60	15.60%
FTSE 100 EWFD	842.03	912.30	8.35%
FTSE 100 (price return)*	5,842.67	7,623.99	30.49%
Vanguard FTSE 100 Index Acc**	100.33	145.02	44.54%
<p>Tempo LKO1 delivered 15.60% over 3 years compared to 44.54% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised:</p> <ul style="list-style-type: none"> Tempo LKO1 would have generated 15.60% at year 3 even if the FTSE 100 EWFD had closed c.8 percentage points lower. Tempo LKO1 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out decreasing by 5% each year. Tempo LKO1 would have generated 52.00% at year 10 even if the FTSE 100 EWFD had fallen by 60% from the start level. Tempo LKO1 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date. 			

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Tempo Long Kick-Out Plan – September 2020 (Issue 15): Option 2 ('LKO2'); FTSE 100 EWFD; FTSE 100			
The terms of Issue 15, LKO2 defined: if the FTSE 100 EWFD closed at or above 100% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 9.45% for each year that the plan ran and repaying the initial investment.			
	Start level (25.09.2020)	Year 3 level (25.09.2023)	3 year performance
Tempo Issue 15, LKO2	100	128.35	28.35%
FTSE 100 EWFD	842.03	912.30	8.35%
FTSE 100 (price return)*	5,842.67	7,623.99	30.49%
Vanguard FTSE 100 Index Acc**	100.33	145.02	44.54%
<p>Tempo LKO2 delivered 28.35% over 3 years compared to 44.54% for the FTSE 100 tracker. While the plan did not deliver 'alpha' compared to the tracker, the materially different risk/return profile of the plan should be recognised:</p> <ul style="list-style-type: none"> Tempo LKO2 would have generated 28.35% at year 3 even if the FTSE 100 EWFD had closed c.8 percentage points lower. Tempo LKO2 would have increased the return it generates at each subsequent kick-out anniversary date, with the index condition needed to trigger kick-out increasing. Tempo LKO2 would have generated 94.50% at year 10 even if the FTSE 100 EWFD had fallen by 35% from its start level. Tempo LKO2 included a defined and significant level of protection from stock market risk that would have allowed the FTSE 100 EWFD to fall by 60% at the end date. 			

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

DATA* FOR TEMPO 'AT OR ABOVE 30% - 82.5% OF START LEVEL' PLAN MATURITIES		
Nos of matured plans that required index to be ' <i>at or above 30% - 82.5% of start level</i> ', to generate positive returns	14 / 38	37%
Nos of matured ' <i>at or above 30% - 82.5% of start level</i> ' plans that generated positive returns (total percentage)	14 / 14	100%
- Highest annualised return (simple / compound)	11.25%	10.18%
- Lowest annualised return (simple / compound)	5.20%	4.95%
- Average annualised return (simple / compound)	7.97%	7.38%
Nos of matured ' <i>at or above 30% - 82.5% of start level</i> ' plans that generated ' <i>alpha by contract</i> ' (total percentage)	5 / 14	36%
- 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)	5.87%	1.88%
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%	38.04%
Average level of kick-out / alpha headroom at point of kick-out end date	9.98%	51.06%
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	47%	53%
Average end of term barrier level headroom (difference between index level at kick-out and end of term barrier level)	62.84%	

* 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 ... **TEMPO** STRUCTURED PRODUCTS

- **Even 5 out of 14 *'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 1.88% p.a. (generating alpha of 5.87% 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 51.06%):
 - ... as an example, Issue 03, 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**

- **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

Tempo plans: an example of intra-term performance ...

AN EXAMPLE OF TEMPO INTRA-TERM PLAN PERFORMANCE

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 highlight 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.).



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)

- **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**

- 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.

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 when there are more corners to start, then investors and investors should always ensure that they are cognizant of the 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 product 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.

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 ‘aim 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 counterparty, not investors.

And that’s the eureka point... that structured products equate to ‘investing by contract’. And it’s an important point.

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). 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.

But investors are not investing into the counterparty’s clever stuff or process – unless active fund management, where it’s 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, pensioners, 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 (which many very busy investors like), 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.

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

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 1980s.

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- **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 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

- 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'***
 - and 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'***.
 - 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 ...

■ 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>

- **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

- **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

- **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

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