

Redefining structured products...

Tempo Structured Products was established over the course of 2016-2018, by a highly experienced team, with substantial investment of time, resources and capital by the Alpha Real Capital family of companies (*'Alpha'*).

We have a passion for structured products, strong views about how structured products can and should be done - which is supported by Alpha - and **we are committed to raising the industry bar**.

Our aim is to **'redefine structured products'** for professional advisers and their clients.

Our approach to this is straightforward, focusing on **'doing the right things - and doing simple well'**.

This includes: a client-centric, best practice approach to governance and compliance; putting investors first; a bar-raising level and calibre of collateral materials, input and support for professional advisers; and a commitment to **'deliberately defensive'** products.

Given that the structured products sector has existed for about 25 years or so, explaining and evidencing all that we are doing differently to raise the structured products bar and advance best practice is not a 2-minute exercise.

We have tried to think through, establish and **support a more rigorous, tighter, better - and safer - approach to structured products**. Better and safer for who?

- **First and foremost, we aim to put investors first:**

If we and the professional advisers who use our products together do a good job for investors then everybody (investors, advisers, ourselves, counterparties, etc.) is in a good place.

With this in mind, critically, we aim to design fundamentally good investments: which our governance policies and procedures, specifically including our product governance process, are designed to help ensure.

Importantly, as with all forms of investment there are risks involved but we are as clear about the potential risks as we are about the potential returns of our products, for both investors and professional advisers, and we have sought to explain everything using plain English which everyone should be able to understand.

- **Second, we aim to present a high calibre structured product plan manager and an unparalleled level and calibre of support for professional advisers using structured products with their clients:**

Our aim is to help strengthen professional adviser understanding and working knowledge of structured products, including portfolio construction considerations and regulatory requirements and expectations.

Our approach to client-centric, best practice governance and compliance is designed to help professional advisers strengthen what they do, including their initial and ongoing plan manager due diligence, their product research, and how they document the advice they give to their clients.

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.

Tempo white paper:

'Structured products; USPs; Evidence; Need; & Cognitive biases'

As part of our ongoing *'Time to rethink what you think you know about structured products'* campaign, we have published a substantive 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.

Time to rethink what you think you know about structured products

'Tempo: Ticking the boxes' highlights what we are doing differently, all of which is explained in more detail in our full materials and presentations which we provide to professional advisers as part of our initial mutual due diligence process.

This includes:

- **'Alpha Overview'**
- **'Tempo Overview'**
- **'Product Governance Overview'**

We also provide the following inputs, including links to our CPD-accredited video webinar recordings:

- **'SPs: Need; Evidence; & USPs' presentation**
- **'Under the bonnet of structured products' presentation**
- **'FTSE 100 EWFD: Introduction and overview' presentation**
- **'TICS' workshop presentation**

Find out more

If you would like to receive any of these materials or presentations or access our series of video webinars to **find out more about our approach and everything we are doing to raise the structured products bar and support professional advisers**, or if you would like to discuss any aspect of structured products, please let us know:

Email: info@tempo-sp.com | Adviser line: +44 (0)20 7391 4551.

1 of 20 ✓ **Operational strength**

Tempo Structured Products (*Tempo*) was established over the course of 2016 - 2018, by a highly experienced team, with substantial investment of time, resources and capital of the Alpha Real Capital family of companies (*Alpha*).

Alpha Real Capital sits at the heart of the Alpha Real Capital family of companies, which benefit from common ultimate beneficial ownership: **Alpha is conservatively managed, financially strong and operationally robust.**

The *Alpha way* is to identify specialist teams with expertise in areas of strategic focus and interest and to incubate and support these teams to develop and 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 benefits of being part of Alpha can be seen in various ways.

Alpha AUM is c.£4.2 billion (as of 31 Mar 2021). On the retail side, Alpha operates through TIME Investments and Tempo Structured Products.

We think that **professional advisers should be more carefully considering the 'operational risk' of structured products**, in terms of identifying and assessing the strength of plan managers, their processes and their administration and custody arrangements: **to our minds, operational risk is the 3rd key risk of structured products**, in addition to the 2 risks which professional advisers are more aware of: 1) credit / counterparty risk; and 2) market risk.

We would suggest regulatory expectations are clear on this point - PROD (3.3.11(3)) states: '... distributors [e.g. professional advisers] should consider the impact that the selection of a manufacturer [e.g. plan managers, who are 'co-manufacturers'] could have on clients, in terms of various factors, including the financial strength of the manufacturer'.

2 of 20 ✓ **An expert team - committed to 'raising the bar'**

In line with the *Alpha way* of identifying specialist teams with expertise in areas of strategic focus and interest and supporting these teams with the resources of the Alpha Real Capital family of companies, **our team includes individuals who have been at the forefront of the structured products industry since its earliest days** in the UK.

We have a passion for structured products, strong views about how structured products can and should be done - which is supported by Alpha - **and we are committed to raising the structured products bar**. We established Tempo over the course of 2016-2018, patiently laying the foundations of what we are doing to *'redefine structured products'*, prior to launching our product suite in 2018.

We would characterise our position currently as moving from a patient foundation laying phase, over the last 3-5 years, to a planned growth phase, over the next 3-5 years. This is evidenced through recent, current and planned additions across our team and in our product suite plans.

3 of 20 ✓ **Asset management backgrounds and knowledge**

Our team includes individuals who have broad asset management backgrounds, including experience, knowledge and expertise spanning active and passive fund management, including smart beta. We believe that there is value to be gained from a strong understanding of the academia and principles behind indexation, passive investing and smart beta.

We approach structured products as asset managers. Before we think or talk about structured products, we consider the economic backdrop, investment outlook, portfolio construction ideas, professional adviser's and investor's views and interests, needs and requirements, and how these are being met (or not) by the asset management industry.

We think that it's sensible for professional advisers and investors to be considering the fact that we are in a challenging economic and investment environment, which may potentially be a *'lower and slower for longer'* returns environment - which could present significant portfolio construction and diversification challenges ... particularly if portfolio construction and diversification is limited to just active and passive fund management and asset class and geography.

To our minds, **optimal portfolio diversification needs to include consideration of different 'types' of investment**, which can do different things, in different ways, at different times: cue including structured products in portfolios!

The significant and important USPs of structured products include: their ability to **generate positive returns without requiring the stock market to rise, or even if it falls; defined and significant levels of protection from stock market risk at maturity; and legally binding contracts**, offering '*alpha by contract*', presenting alternatives / complements to alpha by active fund management and / or beta by passive fund management, in diversified portfolios.

4 of 20 **Redefining structured products**

Our aim is to '**redefine structured products**' for professional advisers and their clients, focusing on '**doing the right things - and doing simple well**'. This includes:

- a client-centric, best practice approach to governance and compliance, putting investors first;
- a bar-raising level and calibre of materials, input and support for professional advisers; and
- a commitment to '*deliberately defensive*' products, in line with the philosophy and approach of Alpha.

Our aim is to present a high calibre structured product provider, a carefully considered approach to structured products and a level of support and service which professional advisers and their clients can be genuinely confident in.

Our aim is to help strengthen professional adviser understanding and working knowledge of structured products, including portfolio construction considerations and regulatory requirements and expectations.

Our approach to client-centric, best practice governance and compliance is designed to help professional advisers strengthen what they do, including their initial and ongoing plan manager due diligence, their product research, and how they document the advice they give to their clients.

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.

5 of 20 **Bar-raising support for professional advisers**

We have worked exceptionally hard on providing a **bar-raising level and calibre of materials, input and support for professional advisers using structured products**: both generally and specifically for each of our products.

We proactively provide comprehensive initial and ongoing due diligence inputs to professional adviser firms who are using our products, including:

An introduction to and overview of the Alpha Real Capital family of companies ('*Alpha*'), including the full financial reports and accounts for the previous five years for Alpha Real Capital.

An introduction to and overview of Tempo, including full details of our product governance.

6 of 20 **CPD-accredited Professional Adviser Academy**

We provide access to our **Professional Adviser Academy**.

Our CPD-accredited Professional Adviser Academy offers an **educational resource for professional advisers wanting to know more about structured products**. We are also pleased to tailor and develop educational content and training for professional adviser firms and / or individual advisers.

7 of 20 **CPD-accredited live and recorded video webinars**

We provide CPD-accredited live video webinars for professional advisers, focusing on important areas of education and working knowledge of structured products. Examples of the video webinars we have presented so far include:

“Time to rethink what you think you know about structured products / SPs: Need; Evidence; & USPs”

Portfolio construction considerations for a challenging and potentially low returns investment environment

Access the recording: ‘Time to rethink what you think you know about structured products / SPs: Need; Evidence; & USPs’ | GoToStage.com

<https://attendee.gotowebinar.com/recording/2833289052084504336>

“Under the bonnet of structured products”

What issuing banks may (or may not) do when arranging a structured product

Access the recording: ‘Under the bonnet of structured products’ | GoToStage.com

<https://attendee.gotowebinar.com/recording/325161185160162819>

“FTSE 100 EWFD”

Introduction and overview: including comprehensive and granular performance analysis

Access the recording: ‘The FTSE 100 FDEW’ | GoToStage.com

<https://attendee.gotowebinar.com/recording/6983375893567734796>

“TICS”

A bar-raising resource supporting best practice professional adviser counterparty research and due diligence

Access the recording: ‘TICS’ | GoToStage.com

<https://attendee.gotowebinar.com/recording/7893470255822926338>

We place **emphasis on our video webinars being educational and contextual**, thinking about the investment environment, portfolio construction and diversification considerations and the interests and needs of professional advisers and their clients.

8 of 20 **‘TICS’: Supporting professional adviser research**

We are an **independent plan manager** (not a bank issuing its own paper/products). We think it’s straightforward - and important - to state the obvious: **issuer/counterparty risk is the most fundamental risk of a structured product**; both the potential returns of a structured product and the repayment of capital usually depend upon the financial stability of the issuer/counterparty throughout the investment term; **professional advisers and investors should seek to identify structured products backed by strong issuers/counterparties**.

We publish and provide access to ‘TICS’ (the Tempo Issuer and Counterparty Scorecards).

TICS provides a bar-raising resource supporting professional adviser issuer/counterparty research: TICS is designed to provoke and support more detailed and objective consideration and understanding - including comparison - of issuer/counterparty financial strength/credit risk. Module 4 of our Academy explains counterparty research, including credit ratings, credit default swaps (‘CDS’) and balance sheet fundamentals.

9 of 20 **Professional adviser information packs ('PAIPs')**

We provide **Professional Adviser Information Packs** ('PAIPs' / 'EMTs') for each of our plans / options.

Our PAIP's are designed to: explain how we meet our manufacturer product governance responsibilities under PROD (particularly PROD 3.2.16), providing distributors with specific information; help professional advisers meet their distributor product governance responsibilities under PROD.

10 of 20 **Product proposal packs ('PPPs')**

We provide **Product proposal packs** ('PPPs') for each of our plans / options.

Our PPP's are made available to professional advisers in order to: provide transparency with regard to our internal product governance processes behind our products; support professional advisers in their product research and due diligence, providing context to help explain why we consider certain elements in our product governance process in order to: 1) meet our manufacturer product governance responsibilities under PROD; and 2) help professional advisers meet their distributor product governance responsibilities under PROD.

11 of 20 **TICS Reports**

We provide **TICS Reports** for the issuer / counterparty for each of our plans / options.

Our TICS Reports provide details of the 5 TICS Categories and 27 TICS Factors, including the TICS Amalgamated Score, for each issuer / counterparty.

12 of 20 **Committed to 'deliberately defensive' products**

We are committed to 'defensive' products, with attractive risk / return profiles for investors, in line with the philosophy and approach of Alpha. While lots of structured product providers do lots of defensive structured products, **we are the only structured product provider to set our stall out to only do defensive structured products.**

We describe our product suite as **'deliberately defensive'**: our products are designed so that they can **generate at least some or all of their potential returns without requiring the stock market to rise** (mitigating the 'upside market risk'), **while including a defined level of protection should it fall** (mitigating the 'downside market risk').

We deal predominantly with banking groups which are **regulatorily identified as Global Systemically Important Banks ('G-SIBs')** or, as a minimum, Domestic Systemically Important Banks ('D-SIBs').

Our core products have **deep end of term barrier levels**, which reduces market risk, as well as being easier for investors to understand.

To the best of our knowledge, we think we may be **the only structured product plan manager never to have done an end of term barrier level higher than 60%** (even in response to requests or interests from professional advisers to do so when arranging bespoke products).

Our core products are **single index only**.

To the best of our knowledge, we think we may be **the only structured product plan manager never to have done anything other than single index products**: we have never done dual index, triple index or stocks linked products (even in response to requests or interests from professional advisers to do so when arranging bespoke products).

13 of 20 **Exclusive use of the FTSE 100 EWFD**

We have **exclusive use of the FTSE 100 EWFD** in the UK.

The FTSE 100 EWFD was developed by FTSE Russell, in collaboration with Société Générale (which has an exclusive license with FTSE Russell), in order to address an issue which banks can encounter when arranging / hedging structured products which are linked to the FTSE 100, with the aim of **improving the terms of structured products**.

Improved product terms can include: **lower** end of term barrier levels; **lower** conditions for generating positive returns; and **higher** potential returns.

We provide **extensive and comprehensive materials and input for professional advisers to introduce and overview the FTSE 100 EWFD**:

- we explain the background to market capitalisation indexes, including potential issues which are embedded in market capitalisation methodology;
- we draw attention to the academia and rationale for equal weighting index methodology, including highlighting what the index providers themselves say about the merits and potential benefits;
- we provide comprehensive and granular performance analysis, detailing: performance; risk-adjusted performance / sharpe ratios; drawdown; recovery; volatility, etc, including comparison to the FTSE 100

14 of 20 **Unique Tempo pledge - ‘Stated terms or better’**

Our plans benefit from **our unique ‘Stated terms or better’ pledge**: allowing us to **improve the terms of our plans above the terms stated in plan brochures**, if the stock market and other factors during the offer period mean that we can do so.

Stock market volatility in February and March 2020, following the outbreak of Covid-19, provided **an opportunity to demonstrate the value of the pledge in action** (in issue 12 of our product suite).

For example... Long Kick-Out Plan, Option 3: we increased the potential return from 13.1% p.a., stated in the plan brochure, **to 20.4% p.a.**

For example... Long Growth Accelerator Plan, Option 2: we increased the potential return at the 5th anniversary from 107.5%, stated in the plan brochure, **to 175% (equivalent to 35% p.a.)**; and we increased the maximum potential return at the 10th anniversary from 180%, stated in the plan brochure, **to 300% (equivalent to 30% p.a.)**.

15 of 20 **Daily liquidity - and no ‘back door’ charges**

We’ve addressed issues like liquidity - **our plans offer intra-term daily liquidity**.

We’ve also addressed issues like charges: we detail what our plan charges are and **we have removed all other charges** - including ‘back door charges’, such as charges for partial encashments, total encashments or transfers out of a plan, which can often be found in other structured products (we simply don’t have any such charges).

16 of 20 **Best-in-sector plan literature**

We have worked exceptionally hard on our investor-facing plan documents, including our plan brochures and single-page ‘if/then...’ summaries: **our aim is to provide the best-in-sector plan literature**.

We have had **high level, multi-disciplinary regulatory and legal input from leading law firm Simmons & Simmons**: and rigorous input and guidance from Plain English Campaign.

17 of 20 **Championing the use of plain English**

We are **the first structured product firm - and one of the first investment firms of any type - to become a corporate member of Plain English Campaign** and to have all of our investor-facing plan literature scrutinised and ‘*crystal mark*’ accredited by the Campaign to be jargon-free and using language which everyone should be able to understand.

The ‘*crystal mark*’ is Plain English Campaign’s seal of approval for the clarity of a document: **it is the only internationally recognised mark of its kind.**

All of our plan brochures, ‘*if/then...*’ summaries and suitability letter inputs are ‘*crystal mark*’ accredited to be **jargon-free by Plain English Campaign**: while certain points sometimes require technical explanations **we have worked hard to de-jargon our plan literature** (and to make sure lawyers didn’t re-jargon it!).

We are still surprised that the number of financial services firms genuinely committing to using plain English is so small, for something which is so obviously and non-contentiously positive and so obviously **part of ‘doing the right things - and doing simple well’**: to our minds, it doesn’t get much simpler than using plain English!

In addition to the content and the descriptions of features and risks, we have also given careful consideration to the design of our plan literature, including the pagination and layout, **focusing on the readability and reader experience and engagement, to help ensure investor interest, engagement and understanding.**

18 of 20 **White-labelled newsletters and bulletins**

We produce the ‘*Structured Products Investor*’ newsletter and bulletin, with the input of respected journalists such as the FT’s David Stevenson, which can be **white-labelled for professional adviser use** with clients.

The ‘*Structured Products Investor*’ offers a high-quality ‘*newsletter on a plate*’, with adviser firm’s details, including: company logo, company details, a personalised message from the firm, photographs of staff, etc.

19 of 20 **Access to ‘CASPA’**

As part of our internal product development process, we monitor other structured products which are publicly available to professional advisers.

We developed ‘CASPA’ - which stands for currently available structured products analysis - to help us do this. CASPA includes summary details of currently available structured products, based on Future Value Consultants (‘FVC’) research reports, highlighting key product features and drawing attention to industry trends.

We can provide access to CASPA as an input for professional advisers who are using structured products. It includes a report and commentary, aiding professional adviser research and comparison of structured products.

20 of 20 Award winning from the get-go

In 2019, within our first year of launching our product suite, 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 again *'Highly Commended: Best Structured Products Provider'*, and *'Commended: Best Structured Products Service'*.

And in 2021 we were delighted to *'do the double'* and win both of the awards for the structured products sector: *'Winner: Best Structured Products Provider'* and *'Winner: Best Structured Products Service'*.

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 that we have been recognised in the awards in 2019, 2020 and 2021, in the first three years following the launch of our product suite, in 2018, in both of the categories for structured products.

We would like to thank all the professional advisers who have supported us since we launched, and for their time and support in voting for us in industry awards.

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 and enhance the value that can be gained from client-centric best practice use of structured products, will result in further recognition over time.

ILP Moneyfacts
Awards 2021

Tempo *'Does
the double'*



Redefining structured products for professional advisers and their clients

Tempo Structured Products brings something different to the UK retail structured products sector.

Our aim is to *'redefine structured products'* for professional advisers and their clients. Our approach to this is straightforward, focusing on *'doing the right things - and doing simple well'*.

This includes: a client-centric, best practice approach to governance and compliance, putting investors first; a bar-raising level and calibre of materials, input and support for professional advisers; and a commitment to *'deliberately defensive'* products.

It's time to rethink what you think you know about structured products.

To find out more about Tempo, our product suite, the support we provide for professional advisers using structured products, or to discuss any aspect of structured products, please contact:

Adviser support line: +44 (0)20 7391 4551

Email us: info@tempo-sp.com

Visit our website: www.tempo-sp.com

TEMPO
STRUCTURED
PRODUCTS

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