



Market Linked Deposits



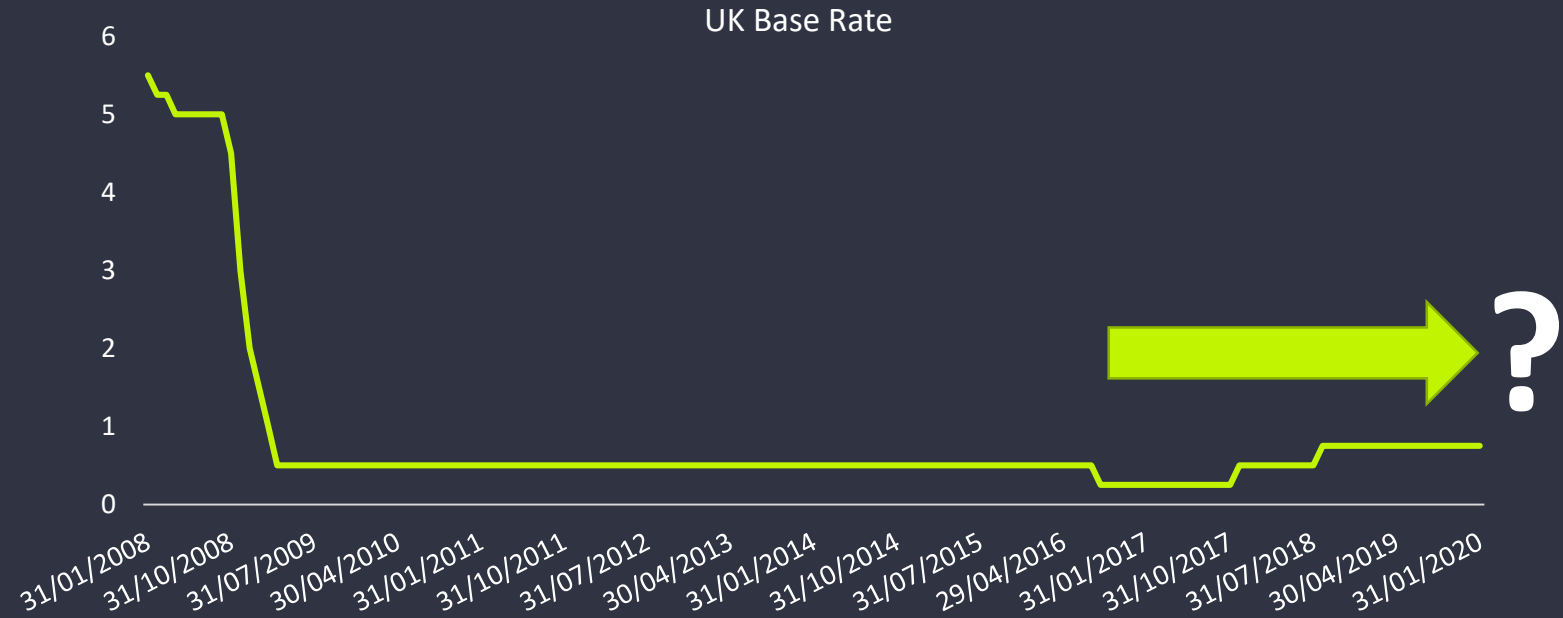
Peter Carnell

Peter has been working in the financial services industry since 1982, where he has gained an extensive knowledge of the UK and offshore adviser marketplace, together with a thorough appreciation of the various wrapper products available in conjunction with packaged products and funds.

Post joining IDAD, Peter has been working closely with advisers and deposit takers developing ideas and products. Market Linked Deposits (MLD) are becoming increasingly popular with advisers and investors because of the pre-determined outcomes, 100% capital protection and FSCS protection. There is also increasing interest from SIPP and ISA investors all of which needs independent advice.

The “Hunt for Yield”

For over 10 years, conservative investors have struggled to earn any significant yield from sitting in cash or investing in the bond market. IDAD have worked hard to deliver a solution to these clients in the form of Market Linked Deposits.



Source: Bloomberg

What is a Market Linked Deposit (MLD)?

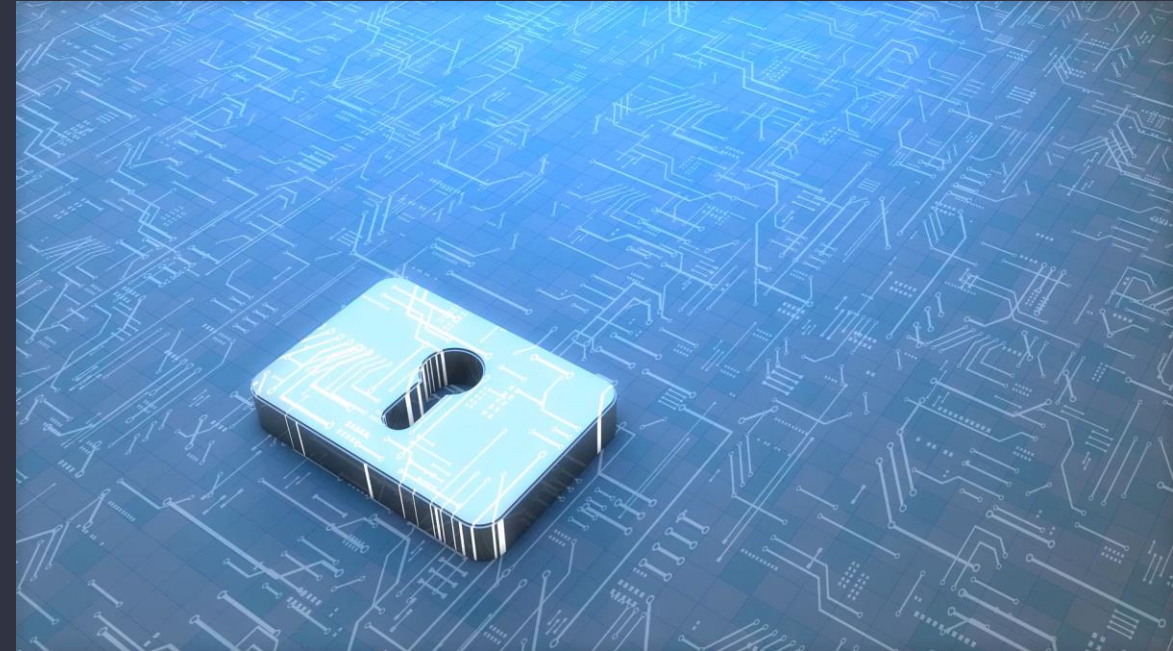
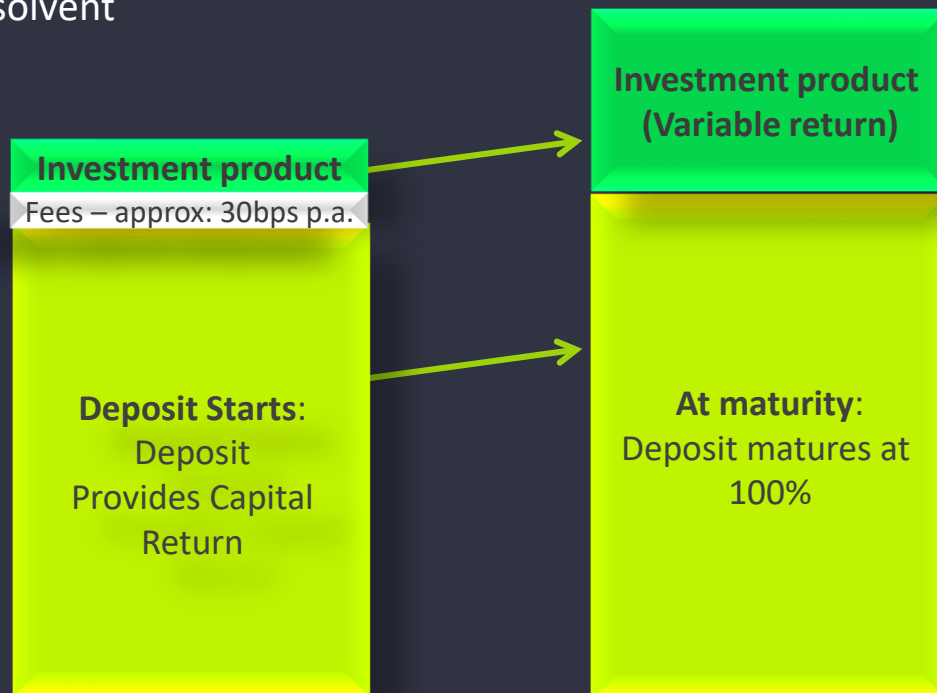
A MLD combines a deposit with an investment product. The return **above your deposit amount** on a MLD depends on the performance of an underlying financial asset. Often MLD are linked to an equity index but can be linked to various asset classes.

- Your return is defined at the outset and can be clearly understood in our Brochures
- **A MLD is comparable to a fixed deposit but with a few additions of risk and return**
- MLD may provide the potential for higher returns compared to fixed deposits, but with slightly more risk
- The FSCS Government protection scheme is in place for all IDADs MLD, much like your own bank accounts!
- Given that the investment is deposit based, PI insurance should cover this as these are not Structured Capital at Risk Plans (SCARPs)

What is a Market Linked Deposit (MLD)?

Key Takeaways

- The return on a MLD is usually dependent on the performance of an underlying financial instrument
- The full deposit investment will be returned to you if you hold your investment to maturity, and the bank remains solvent



**Deposit & Investment Product
100% Capital Protected at Maturity!**

Who are IDAD and what do we do?

- IDAD stands for Investment Design and Distribution – authorised and regulated by the FCA
- We design and distribute products that are suitable investments for our target market
- We promote these products to suitably authorised financial advisers around the world
- We work with a diverse range of issuing banks
 - We provide excellent training, we offer in house training packages for new recruits
 - Support materials including factsheets and back-testing
 - Post-sales service, a dedicated relationship manager for product queries and support
- Support for advisers in terms of:
 - We offer both off-the-shelf and bespoke products
 - We boast an excellent track record covering over 1,000 sensible investment products

Our UK Strategy

- To offer Market Linked deposits with 100% Capital Protection at maturity with FSCS protection for eligible investors.
- To enable you as the IFA to place your clients cash held within an ISA, SIPP, Bond or Trust into a pre-packaged investment which can provide low risk, diversification and growth.
- Offering A+ rated issuers, reducing counterparty risk.
- Offer bespoke investment solutions that can be structured to meet specific needs of an investor which may not be possible using more traditional investments.
- Investments that can be an attractive and versatile solution within wealth management strategies.
- We are now on Issue 9 of our flagship Callable Deposit Plan in association with Goldman Sachs.



What are the benefits of Market Linked Deposits for your clients

- ✓ Capital Protection - an alternative to sitting in cash earning low yield
- ✓ Defined returns providing a clear metric for any client portfolio
- ✓ An alternative asset that sits between cash and fixed income assets, like bonds
- ✓ Potential for an early maturity if callable by the deposit taker
- ✓ “Standard Assets” for SIPPs and permissible in offshore bond wrappers, with daily prices available
- ✓ FSCS compensation cover for eligible investors
- ✓ Note that these are not SCARPS, (structured capital at risk products) they are classed under PI similar to a fixed term deposit

Market Linked Deposits – Who are they for?

Target Audience

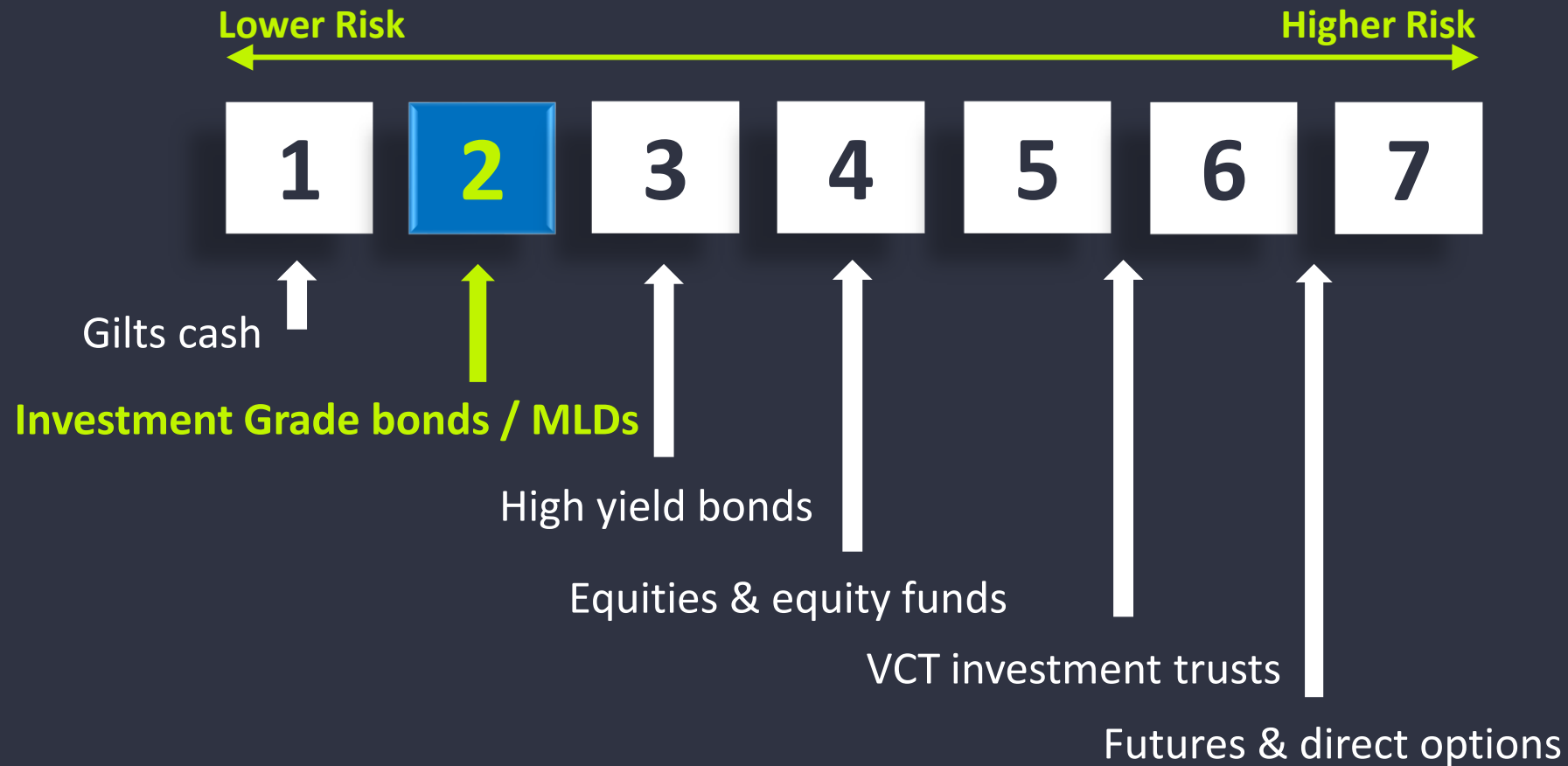
- Clients with diversified conservative / balanced growth portfolios.
- Clients wishing to De-Risk their Investment / Pension Portfolio.
- Clients unwilling to take market risk without full capital protection.
- Clients wanting a capital protected legacy to pass onto beneficiaries.
- Clients sat on cash in ISA, SIPP, Charities, Offshore Bonds and Companies.



Key Information Document specifies: “Low Risk”

The graphic below is taken from a MiFID II KID document that is now standard practise.
What are the risks and what could I get in return?

Risk Indicator



Source: Goldman Sachs Key Information Document.

*Subject to counterparty risk.

The Callable Deposit Plan – Issue 9

- Deposit Taker: Goldman Sachs
- Issue 9
- 8 year Term Linked to the FTSE 100
- 6.50% per annum if 'called' early or:
- 200% Participation in the Index
- 100% Capital Protection

This is a straight growth-based deposit designed to provide accelerated returns based on the performance of the FTSE 100. At the end of the 8 year term, if not called early, investors will receive their money back plus 200% of the positive performance of the FTSE 100.

The added benefit is



FSCS for eligible investors only



...the deposit is 'callable'

This means that after 24 months, Goldman Sachs can "call" the deposit plan.

If they do decide to do this, the investment will mature, and investors will receive 100% of their initial capital back plus a coupon.

1.625% per quarter (6.5% per annum)

If Goldman Sachs believe that the return that they will pay out will be in excess of 6.5% per annum, they are able to end the investment early. The first observation date is on the second anniversary date and quarterly thereafter. This effectively caps the maximum return that investors will receive.

Alternatively the plan will run the term and the clients can expect their capital back plus 2 x growth in the FTSE since the start date.



- **Innovative Products - bespoke shapes and returns**
- **Generic Training and Education – webinars, market commentary, bespoke training**
- **Transparency – factsheets, performance figures, comprehensive website**
- **Wide Selection of Issuers - securing best value for investors**
- **Central Support – always here to deal with generic or specific queries, employees have a combined experience of 300+ years in wealth and the private banking sector**

IDAD - Boast a wealth of knowledge within the investment arena and have been developing and building relationships for in excess of 20 years



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