



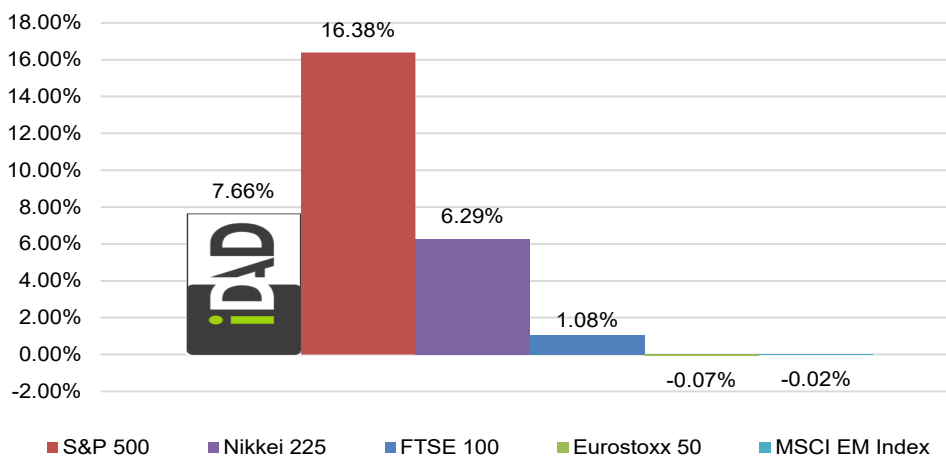
IDAD Performance - Q4 2021

Managing Director Commentary

Another good quarter for maturing products – most equity markets have now recovered to pre-COVID levels which is reassuring. In terms of new issues we continue to see a shift to higher return notes linked to individual stocks in the international market. This trend is driven by the changing nature of the market, with a shift from the focus on pension investing, requiring lower risk, steadier returns, to a purer investment approach where investors are more ambitious and looking for higher returns from their investments. The risk vs reward equation is a key part of an adviser's work with their clients and something we think about a lot at IDAD. Index-linked products tend to reduce the risk of large capital losses (certainly a major stockmarket Index will still have some components even in catastrophic markets) and their diversification will normally increase the likelihood of any relevant growth or income payments. The risk of any individual stock collapsing completely is a factor when we look at stock-based products, and there would normally be less chance of achieving the higher growth or income payouts (if one or more of the underlying investments fails to perform). We work hard to ensure advisers and their clients are aware of the differing risk profiles on our products and are thus able to make appropriate decisions – I have no issue with investors losing capital, or failing to achieve targeted returns, especially if those returns are particularly ambitious, but I do worry if investors lose money without having had the chance to understand the risks they are taking.

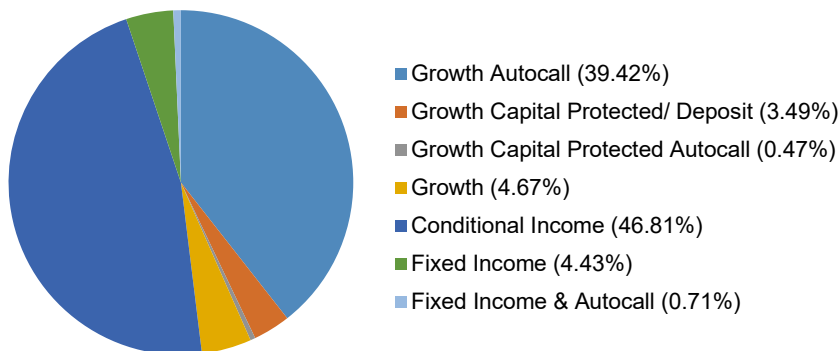
We expect 2022 to continue delivering broad stockmarket growth, but probably at a lower level and almost certainly with more bumps and lumps. This increased volatility can be a double-edged sword – pricing new products should improve, but existing portfolios may see significant volatility in terms of valuations. Broadly, the best advice is to sit tight in structured products and allow the terms to deliver the benefit of the protection elements over the life of the investment, and the team at IDAD is always ready to help explain things if required. We'll also be working on some additional defensive features in product offerings to help you and your clients. Good luck in 2022 from everyone at IDAD.

Annualised Performance since 2008



Source: IDAD 31/12/2021. Bloomberg 02/01/2008 - 31/12/2021

Products Issued by Type since 2008



Source: IDAD 31/12/2022

Facts & Figures (since 2008)

Average Annual Performance on all matured Products: 7.66% p.a.

Total number of Products issued: **1692**
 Total number of Products matured: **983**
 % of Products to make a loss: **3.43%**
 % of Products to only return 100%: **2.60%**

Annualised Performance by Product Type

Autocall: **8.77%**
 Conditional Income: **6.88%**
 Fixed Income: **5.92%**
 Capital Protected: **1.90%**

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