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SCAN TO FIND OUT MORE

A GUIDE TO STRUCTURED PRODUCTS

EXPERIENCE THE IDAD DIFFERENCE

ORIGINATION | BROKING | INVESTMENT MANAGEMENT | CONSULTANCY

Introduction

This guide has been created to provide investors with a clear introduction to the structured products available through IDAD. Within these pages, you'll find straightforward explanations of some of the most widely used types of structured products in the UK retail investment space, along with illustrative examples of the kinds of solutions offered by IDAD.

Our range of products is designed to suit different types of investors, and specific details can be found in the relevant Plan Brochures. Please remember that investing in structured products involves risk, and investors may get back less than they originally invested.

The example products included in this guide are purely for illustration and may not reflect the precise features of products currently available through IDAD.

This document is not intended to be used as a basis for investment decisions. We strongly recommend speaking to a qualified financial adviser and reviewing the relevant Plan Brochure in full before committing to an investment.

Contents

Why IDAD?

Founded in 2002, The IDAD Group has a long-standing track record of delivering high-performing structured investment solutions to wealth managers across the globe. Since 2017, our UK business has specialised in structured deposits and investment plans — including bespoke solutions tailored to meet the specific needs of wealth managers and independent financial advisers (IFAs).

Based in central Petersfield, Hampshire, and the City of London, our UK team brings together over 100 years of combined industry experience, making us a market leader in the design, distribution, and ongoing management of structured investments. Our expertise allows us to deliver products that are both innovative and highly relevant in today's evolving investment landscape.

IDAD offers a wide range of structured investments designed to support a variety of objectives, from capital protection to growth and income strategies. Whether you are selecting from our core range or opting for a tailored, bespoke solution, you can be confident that our approach always puts your needs first — a commitment we call ***The IDAD Difference.***

Supported by strong governance, a wide network of counterparties, and a robust digital platform for real-time valuation and performance tracking, IDAD provides a service that is as dependable as it is dynamic.

We don't just build investment products — we build lasting relationships, grounded in trust, performance, and shared success.

Established in 2002.

Significant volume of products issued.

Extensive IFA relationships.

"We know that in order to continue to break into established markets, we need to offer agile, innovative and cost-effective solutions that are laser focused on client need."

Clive Moore, Managing Director, IDAD

What is a Structured Product

A structured product is a pre-packaged investment solution that combines different financial instruments to create a single, coherent strategy. The return potential and associated risks are clearly defined at the outset, offering transparency and clarity on how the product is expected to behave under different market conditions.

These products can be tailored to reflect an investor's market outlook — whether that's a view on growth, stability, or even a downturn. Structured products can also be designed to deliver regular income, track the performance of a specific index, or generate returns even in falling markets.

The performance of a structured product is usually linked to an underlying asset or group of assets — most commonly a stock market index or a basket of indices. This link allows for diverse strategies to be incorporated into a single investment, helping to align the product with the specific goals or risk profile of the investor.

Structured products typically have a fixed term. Unless they mature early due to meeting certain conditions, they run until their scheduled end date, at which point the final return is determined and the product matures.

Types of Structured Products

IDAD offers a wide range of structured products in various formats. Our most popular products are:

Kick Out / Autocall

Includes a feature that allows early maturity.

Income

Designed to provide a stream of payments.

Fixed Term

Designed to provide a single payment at maturity

Growth / Participation

Tracks the performance of the underlying asset(s).

Risk to Capital

Structured products can come with varying levels of potential risk to the initial capital invested and our products contain a certain level of capital protection.

Capital Protected

Capital is protected against the performance of the underlying asset(s) but subject to counterparty solvency.

Capital at Risk

Capital return is dependent on the performance of the underlying asset(s) and solvency of the counterparty.

Deposit

Capital is held in deposit with the counterparty and is covered by FSCS compensation rules.

Types of Capital Protection

Capital Protected Structured Products

Capital protected structured products offer 100% capital protection against the performance of the underlying asset(s).

While your capital is safeguarded from movements in the underlying asset(s), other risks—such as counterparty risk—can still threaten your capital.

Structured Capital at Risk Products (SCARPs)

While structured products do carry a risk to your capital, they often include features designed to help reduce that risk.

One common feature is a protection barrier, which allows the value of the underlying asset(s) to decline to a certain point before your capital is affected.

This protection barrier is built into the product from the outset, and when designing a retail structured product, we focus on three main decisions related to capital protection:

- the type of protection barrier
- the level of the protection barrier, and
- how frequently the underlying asset is observed during the investment term

Structured Deposits

Designed to provide a full return of the amount deposited, irrespective of the performance of the underlying(s).

Your capital return depends on the deposit taker's ability to meet its financial commitments. If the deposit taker were to default or go out of business, you could lose part or all of the money you invested, along with any interest you would have otherwise earned. However, you may be eligible for compensation under the Financial Services Compensation Scheme (FSCS). The FSCS offers protection up to £120,000 per banking group, which includes any other deposits or investments you hold with the same institution outside of the IDAD product.

Feature	Capital Protected Structured Products	Structured Capital At Risk Products (SCARPs)	Structured Deposits
Your Capital	Protected – you're guaranteed* to get back at least what you put in.	At Risk –you might get back less than you put in.	Protected – like a savings account, your original deposit is safe.
Returns	Also linked to markets – offers growth potential with no risk to your capital.	Linked to stock market or other assets. Can be high if markets do well, but losses possible.	Linked to market performance, but with lower potential returns.
Risk Level	Moderate risk – returns depend on market, but your capital is safe.	Higher risk – capital is not guaranteed.	Low risk usually offered by banks and covered under deposit protection schemes.
Ideal For	Those who want to protect their money but still want a chance to grow it.	People willing to take risk for the chance of higher returns.	Cautious investors who want to protect their money with minimal risk.
Example	Invest £10,000 – even if the market falls, you'll get your full £10,000 back.	Invest £10,000 – if the market falls a lot, you might only get back £8,000.	Invest £10,000 – your money is safe and may earn some interest if the market performs.

*subject to counterparty risk

Capital Protection Barriers

At maturity, if the product has not matured with an investment return, the capital may be at risk.

European Protection Barrier

- European protection barriers allow the value of the underlying asset(s) to decline by a set percentage before any capital loss is triggered.
- This type of barrier is assessed only once—at maturity—and compares the final level of the underlying asset(s) to its starting level.
- If the barrier is breached, the capital loss will reflect the full percentage drop in the underlying asset(s).

American Protection Barrier

- American protection barriers allow the underlying asset(s) to decline by a predetermined amount before a potential capital loss is triggered.
- Unlike European barriers, American barriers are monitored daily—either at the close of business or based on intra-day levels—throughout the life of the product.
- If the underlying asset(s) fall below the barrier on any day, your capital may be at risk, even if the asset(s) later recover above the barrier level by maturity.
- If the product does not mature early and the protection barrier has been breached during its term, the capital loss will be based on the final value of the underlying asset(s).
- However, if no early maturity occurs and the barrier is never breached during the investment period, your original investment will be fully returned.

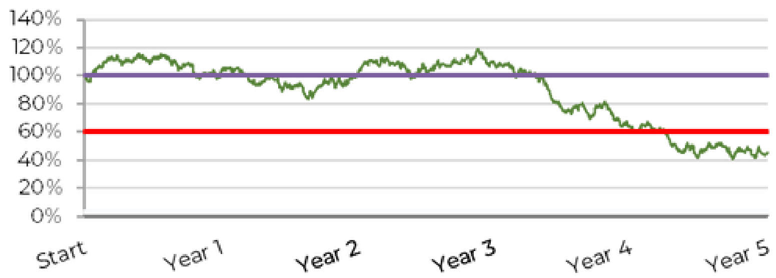
Capital Protection Barriers

Continued:

European Protection Barrier Examples

A kick out product with a 60% European protection barrier and the potential to kick out every year if the underlying is above its start level. It reaches the final date and has not experienced an early maturity.

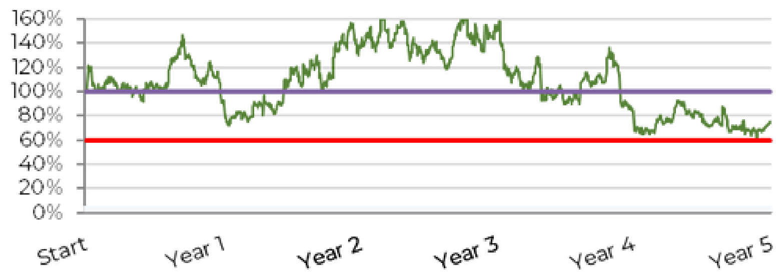
The client invested £10,000.



Scenario A

The underlying has fallen by 55% and the product matures with no investment return. The investor receives 45% of their initial investment as the European barrier was breached.

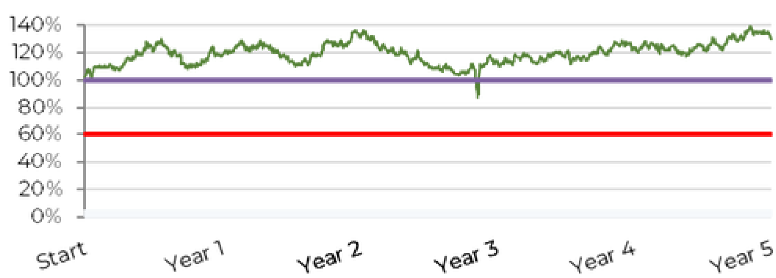
£4,500 returned.



Scenario B

The underlying has fallen by 25% and the product matures with no investment return. The investor receives 100% of their initial investment as the European barrier was not breached.

£10,000 returned.



Scenario C

The underlying is above its final observation level. The investor receives 100% of their initial investment plus growth and the European protection barrier is not triggered

£10,000 plus investment return.

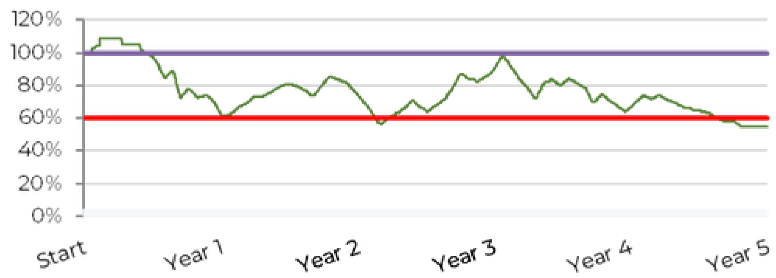
Capital Protection Barriers

Continued:

American Protection Barrier Examples

A kick out product with a 60% American protection barrier and the potential to kick out every year if the underlying is above its start level. It reaches the final date and has not experienced an early maturity.

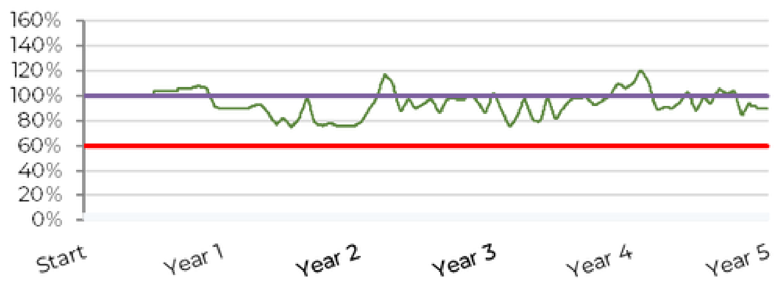
The client invested £10,000.



Scenario A

The underlying asset has fallen by 55% during the term and ended 55% below its start level. The product matures and the investor receives 45% of their initial investment back as the American barrier was breached during the term.

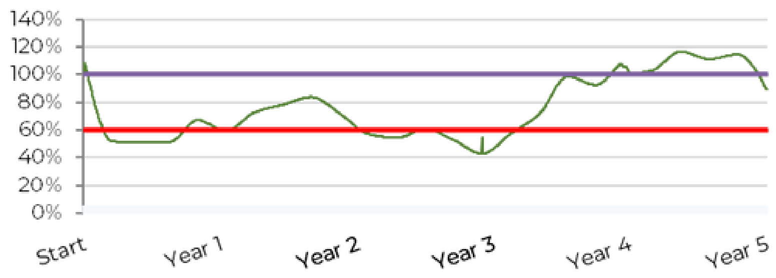
£4,500 returned.



Scenario B

The underlying fell by up to 25% during the term and ended 10% below its start level. The product matures with no investment return and the investor receives 100% of their initial investment back as the American barrier was not breached.

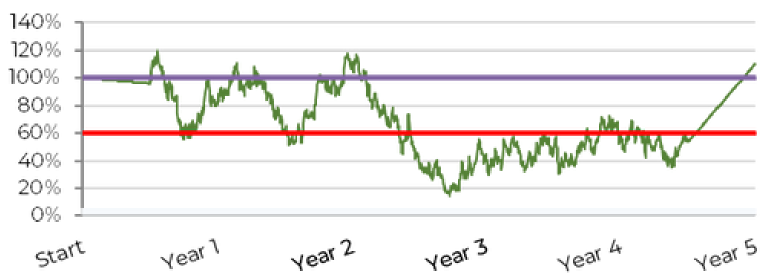
£10,000 returned.



Scenario C

The underlying fell by up to 45% during the term and ended 10% below its start level. The product matures and the investor receives 90% of their initial investment back as the American barrier was breached during the term.

£9,000 plus investment return.



Scenario D

The underlying fell up to 85% during the term but ended 10% above its start level. The American Barrier was breached but the underlying recovered by the end. The full capital is returned plus any potential investment
return.

£10,000 plus investment return.

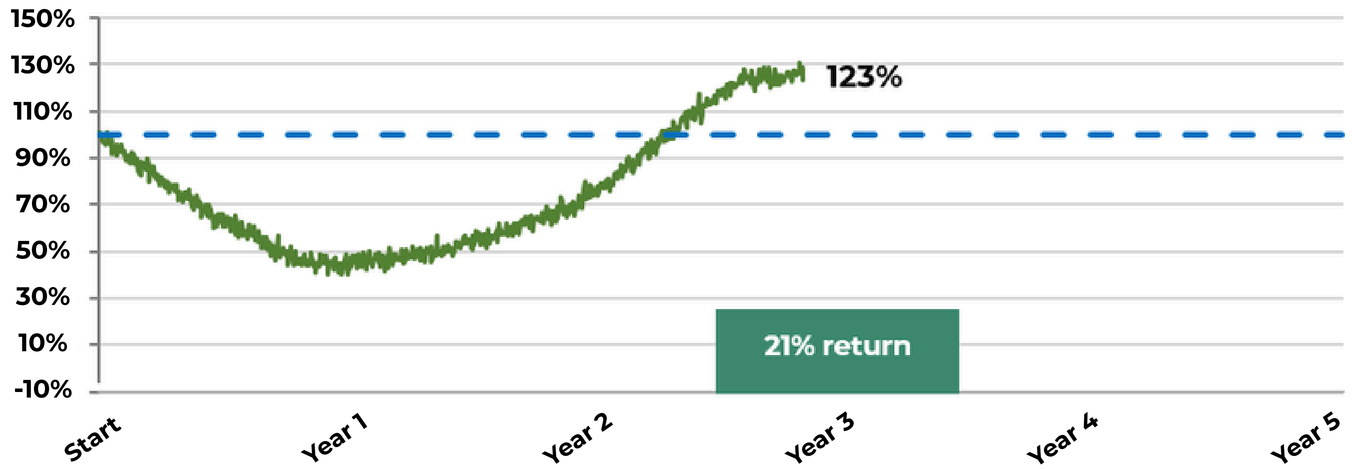
Kick Out (Autocall Product)

A kick-out product, also referred to as an autocall, is a type of structured investment that can mature early if certain conditions are met.

- At specific observation dates, the performance of the underlying asset(s) is assessed against predefined criteria.
- If these criteria are satisfied on any of those dates, the investment delivers a return and ends early.
- If the conditions are not met on any observation date, the product continues until its final maturity date.

Example
The chart below shows the timeline of a hypothetical kick out product.

In this example, the condition for kick out is for the underlying to be at or above 100% of its start level



Assuming an initial investment of £10,000 and a potential gross investment return of 7% per annum (non-compounded) the investor would have received an investment return of 21% on their initial investment after 3 years. This is because the underlying asset was at least 100% of its start level on the third observation date.

If the underlying asset was below the kick out condition on every observation date (it is only the market levels on the fixed observation dates that are relevant) until the final observation date, the investor would not receive an investment return.

Kick Out Variations

We offer a number of capital-at-risk kick out shapes. The below are some of our most popular.

Autocall

- Potential to kick out every set number of months / years.
- Underlying(s) need to be at or above their start level to kick out.
- Investment return increases linearly with each observation.

Super Step Down / Defensive

- Potential to kick out every set number of months / years.
- Underlying(s) need to be at or above a reference level that decreases by a **significant amount** each subsequent observation.
- At the final observation the underlying(s) only need to be at or above a relatively low percentage of the strike level to generate an investment return.
- Investment return increases linearly each observation.

Step Down / Defensive

- Potential to kick out every set number of months / years.
- Underlying(s) need to be at or above a reference level that decreases by a **small amount** at each subsequent observation.
- At the final observation the underlying(s) only need to be at or above a set percentage of the strike level to generate an investment return.
- Investment return increases linearly each observation.

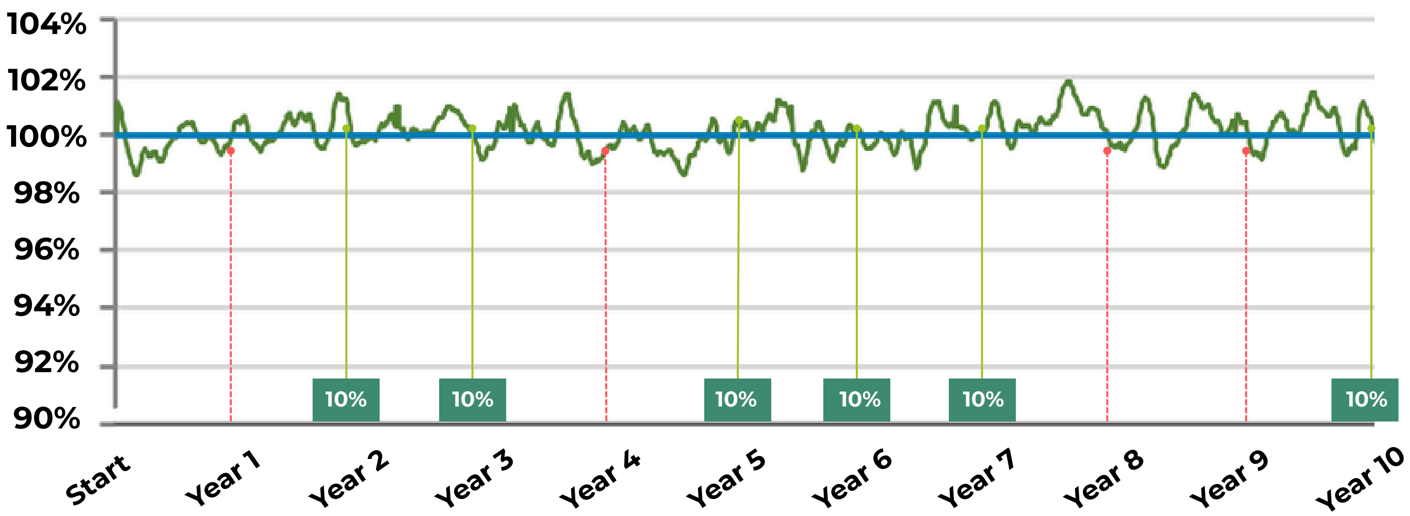
Income Products

An income product is designed to provide a steady stream of payments over a fixed period.

- Some products pay a fixed income regardless of the performance of the underlying asset(s). These are commonly known in the industry as a ***reverse convertible.***
- Income can be paid monthly, quarterly or annually.
- Some products pay a certain amount of income determined by the performance of the underlying asset(s). These are known as conditional income products.
- Some can include a kick out feature, and these may also be referred to as phoenix products.
- Some can include a memory feature, where previously missed income is paid if a condition is met.

Example

The chart below shows the timeline of a hypothetical conditional income product.



In this example, the condition for an income payment requires the underlying asset to be at or above 100% of its start level.

Assuming an initial investment of £10,000 and a potential gross income of 10% each year, the investor would have received an income payment in 6 of the 10 years. In years 1, 4, 8, and 9, the underlying was below the income barrier and so no income was paid in those years.

In total the investor has received £6,000 in income payments over the lifetime of the product. If the underlying asset was below its start level on all 10 observation dates, the investor would not receive any income at all. If however, the product had a memory feature built in, then all of the payments would have been made, albeit not in a linear manner.

A memory income Structured Product offers regular income payments if the underlying remains above a set level, with missed coupons effectively "banked" and payable later if market conditions improve, thanks to the “memory” feature.

Income Products Variations

We offer a number of capital-at-risk income shapes. The below are some of our most popular.

Fixed Income

- A fixed income is paid every period regardless of performance in underlying(s).

Income Accrual

- Income is accrued daily dependent on the performance of the underlying asset(s).
- Accrued income is paid after the end of each observation period.

Conditional Income

- Income is paid after each pre-determined observation point if the underlying(s) is/are at or above a certain level.
- With or without Memory.

Conditional Income Kick Out

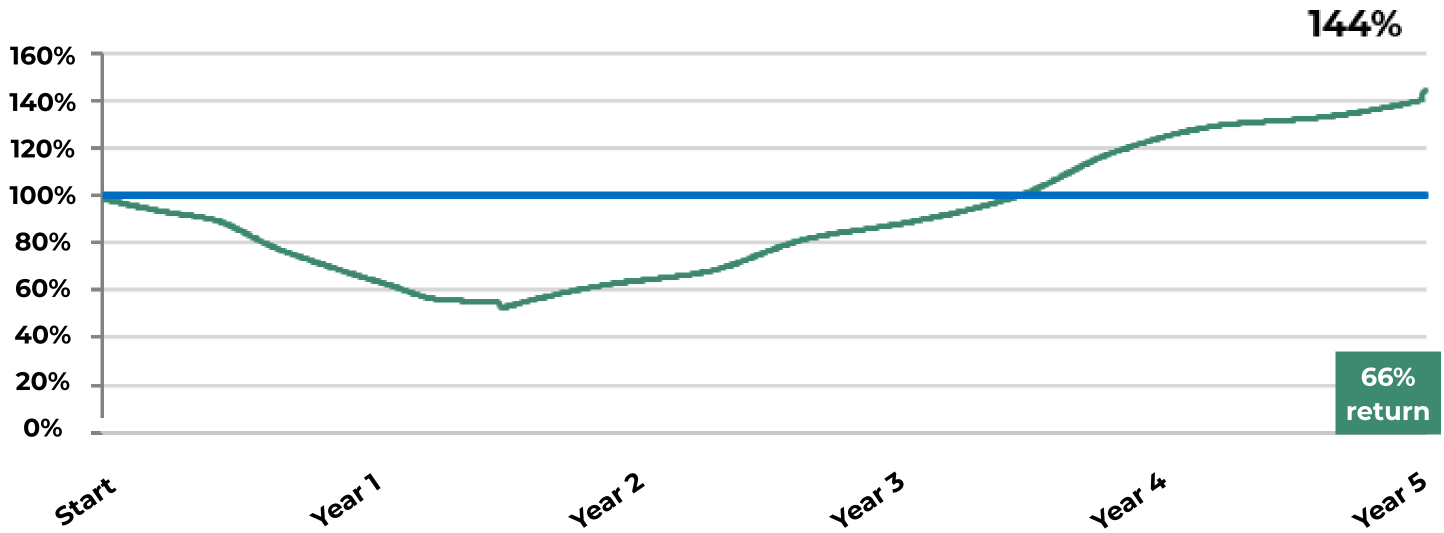
- Income is paid after each pre-determined observation point if the underlying(s) is/are at or above a certain level.
- Potential to kick out after a set number of months.
- If a kick out occurs, the product matures early, no further income is paid, and the initial investment is returned.

Participation Growth Products

A supertracker product, also known as a participation product, is designed to pay a multiple of the rise in the underlying asset(s).

- Investment returns are calculated by the rise in the underlying asset(s).
- Supertracker products may sometimes have a cap on the maximum investment return.
- A product with a participation rate of 100% would receive 1% growth for every 1% rise in the underlying asset. A product with 150% participation would receive 1.5% growth for every 1% rise in the underlying asset.

Example
The chart below shows the timeline of a hypothetical supertracker product.



In this example, the product runs to the final observation where the level of the underlying is evaluated to determine any investment return.

Assuming an initial investment of £10,000 and a 1.5% investment return for every 1% the underlying is above its start level, in this example the investor would have received a 66% return on their initial investment after 6 years. This is because the underlying asset finished 44% above its start level at the final observation (44% x 1.5 = 66%).

If the underlying asset was below 100% of its start level at the final observation, the investor would not receive an investment return.

Callable

A callable structured product is an investment that offers defined returns and may be redeemed early by the issuer under certain conditions, typically in exchange for a fixed payout.

- Callable structured products offer the potential for attractive returns, often linked to the performance of a financial index.
- They include a feature that allows the issuer to redeem the investment early under specific conditions and are available in both capital protected and capital-at-risk formats.

Example

The table below shows a 6-year issuer callable deposit linked to the FTSE 100 Index, offering:

- 100% capital protection
- 300% participation in any index growth at maturity
- Callable feature with 8% p.a. coupon if redeemed early

Return of the FTSE 100	GBP 300% Participation total return including capital
10%	**130%**
20%	**160%**
30%	**190%**

If the return on the index is not positive, then investors will receive their money back.

In this example, the investment is a 6-year deposit linked to the FTSE 100 Index. The product offers 100% capital protection and 300% participation in any positive index performance at maturity. It also includes a callable feature that allows the issuer to redeem the deposit early and pay a fixed coupon of 8% per annum.

Assuming an initial investment of £10,000, if the product runs to full term and the FTSE 100 rises by 20% over the 6 years, the investor would receive £16,000 at maturity — their original capital plus 300% of the index gain. This is because 300% of 20% equals 60% growth on the £10,000 investment. However, if the FTSE 100 had not risen over the term, the investor would receive just their original £10,000, as capital is protected and there is no participation in negative returns.

If the product is called early by the issuer — for example, after 3 years — the investor would receive £12,400 (their original £10,000 plus 3 years of 8% coupons). The callable feature is entirely at the issuer's discretion and is more likely to be triggered if the index has performed well, as this allows the issuer to limit future payout obligations.

Callable structured deposits like this offer investors the potential for high returns if held to maturity, along with the reassurance of capital protection. The inclusion of a fixed income alternative via the callable feature also adds flexibility in how returns might be realised over the life of the product.

Callable Variations

We offer a variety of callable products. The below are our most popular.

Callable Deposits

- Issuer can "call" the investment before its final maturity. If called, the investor receives their original investment plus any interest earned up to that point.

- Gives Issuers flexibility while still delivering a return to investors.

Callable at Risk

- These plans offer the potential for higher returns but place the investor's capital at risk if the underlying asset performs below a certain level.

- The issuer can still call the plan early, returning the investment plus any defined returns, but capital is only protected if specific market conditions are met.

Callable Plans (Protected)

- These plans offer full capital protection at maturity, meaning investors will receive their original investment back even if the underlying asset performs poorly.

- They include a callable feature that allows the issuer to redeem the plan early, typically in return for a fixed interest payment.

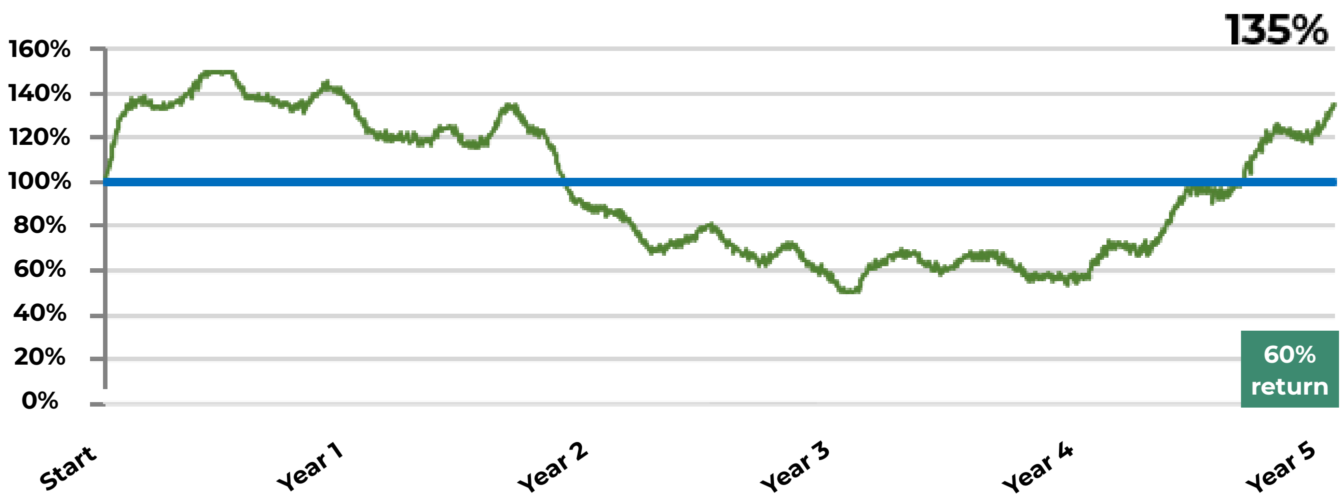
- They may also have a '*participation*' feature for enhanced returns. If the investment is not called, investors benefit from enhanced participation in the growth of an index.

Fixed Term Options

A digital product is designed to pay an investment return at the end of the term.

- The investment return is based on the performance of the underlying asset(s) at the final observation.
- There are no opportunities for the product to mature early.
- The potential investment return is fixed from the outset.
- The investment return has the potential to be higher or lower than the actual performance of the underlying asset(s).

Example
The chart below shows the timeline of a hypothetical digital product.



In this example, the condition for an investment return is if at the final observation, the underlying asset is at or above 100% of its start level, an investment return of 60% is paid.

Assuming an initial investment of £10,000 and a potential gross investment return of 60% at maturity, the client would receive the 60% investment return even though the underlying has only risen by 35%. This is because the underlying asset was above its start level at the final observation.

If the underlying asset was below its start level on the final observation, the investor would not get an investment return.

Fixed Term Variations

We offer a number of capital-at-risk fixed term digital shapes. The below are some of our most popular.

Growth

- Potential investment return is fixed at the start.
- No early maturity.
- Investment return paid at the maturity date is dependent on the performance of the underlying asset(s) over the term.

Growth Accrual

- Growth payment at maturity.
- The total growth payment is accrued depending on the performance of the underlying asset(s) at pre-determined points over the product term.
- No early maturity.
- The accrued investment return is paid at the maturity date.

How to invest

There are many ways to invest in a structured product with us. We have separate application forms for each format.

Direct*

Company

Trust

Pension

ISA

Platform

You can apply by post or online. Application forms can be found on our website, www.idad.co.uk

You can also download additional forms from our website or apply online at www.jbrearley.co.uk.

***Direct Investments application via Plan Manager and Plan Administrator James Brearley - see individual brochures for more detail.**