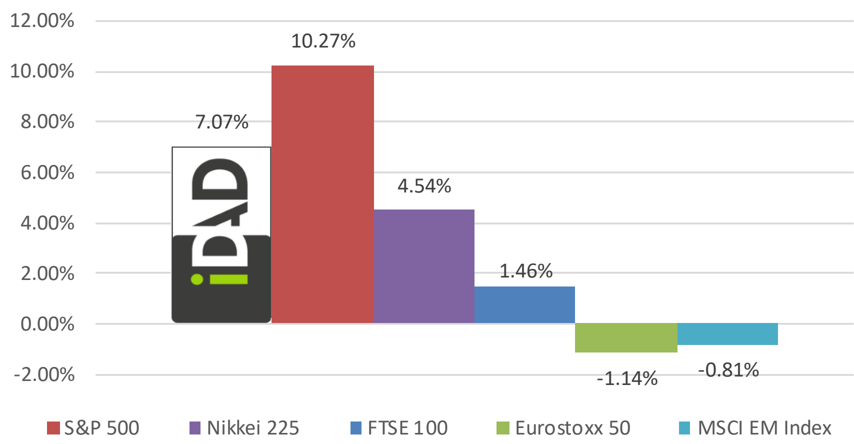
IDAD Performance - Q4 2019

Managing Director Commentary

The final quarter of 2019 saw strong equity market performance and very little volatility. It takes a lot to rattle markets it seems and there were positive indications on the US/China trade front too, so steady as she goes for another 6-12 months at least. The quarter saw 56 maturing products (and 53 new issues) with average returns dropping slightly. This is partly a function of an increasing number of income focused products where returns are naturally lower, but we also had two products mature with losses around 55% after 5 years. The total amount invested in these was exceptionally small - less than £150k - and they were specific offers linked to energy stocks for a particular adviser and experienced clients, but we like to be transparent at IDAD so details are on the website and we still factor them into the performance figures. It's probably untypical to discuss loss-making investments (especially when they're so rare at IDAD) but it never hurts to remind investors that equity-linked investments don't always go up and that the protection afforded by structured products is very valuable indeed.

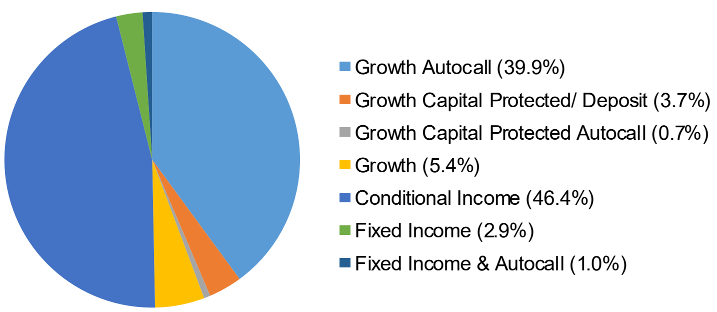
Pricing new products is particularly tough at the moment - low market volatility means investors aren't being rewarded so much for the low levels of capital risk taken with our products – and underlying interest rates are still astonishingly low. I was asked earlier how negative interest rates work, something Euro investors will be very familiar with; essentially bank depositors are paying for the privilege, so a 1 year fixed rate deposit might offer a rate of -1%, meaning you deposit €100 and get back €99 – it's a crazy World sometimes. At IDAD we're still able to deliver investments with 95% or 100% capital protection and strong growth prospects. Income investors should be looking at rates around 5% in GBP and 6% in USD if they're prepared to take a moderate risk with their capital and classic autocall shapes are likely to offer returns closer to 10% than 15% per annum. To most of us these rates may still seem low, but when the best GBP rates (even from second and third tier banks) are around 2% p.a. investors should be grateful their advisers have access to IDAD's great offers!

Annualised Performance since 2008



Source: IDAD 07/01/2020. Bloomberg 02/01/2008 - 31/12/2019

Products Issued by Type since 2008



Source: IDAD 07/01/2020

Facts & Figures (since 2008)

Average Annual Performance on all matured Products: 7.07% p.a.

Total number of Products issued:	**1147**
Total number of Products matured:	**629**
% of Products to make a loss:	**4.10%**
% of Products to only return 100%:	**5.88%**

Annualised Performance by Product Type

Autocall:	**7.78%**
Conditional Income:	**6.09%**
Fixed Income:	**6.78%**
Capital Protected:	**3.07%**

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