



LOWES

Structured Products Annual Performance **Review 2025**

Covering all UK intermediary distributed products that matured in 2024. A comprehensive review of structured product performance.

UK structured products sector maturity analysis

Covering all intermediary distributed retail products that matured in 2024

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We are pleased to present our twelfth Annual Performance Review. Thank you for reading. The Lowes Structured Products Annual Performance Review 2025 provides an in-depth analysis of the results of the 669 UK retail structured products that matured in 2024. Overall results are complimented with quartile results and sub-sector analysis. We also unashamedly showcase our own results and sector innovations.

2024 has been another year marked by geopolitical tensions and global challenges. The ongoing conflicts in Ukraine, the Middle East and beyond continue to devastate so many lives and to cast shadows over world economies. In the UK, inflation pressures eased slightly but we now have the highest tax burden for 70 years and in the US they have re-elected Donald Trump for President. We live in interesting times.

Most UK retail structured products are linked to the FTSE 100. Having briefly broken the 8,000 mark in 2023 the Index began 2024 almost 300 points below this psychological level. It then took until 22nd April to break back above and has remained there since. Resultantly, the average closing level of the FTSE 100 for 2024 was 8,077.47. These extended levels, particularly for the second half of the year triggered a host of UK retail structured product maturities making 2024 a record year. The average annualised return of the 669 maturities was of 7.19% over an average term of just under three years. Of the 669 all but 9 returned gains, with 7 deposit based structures returning capital only and the only 2 loss makers being plans designed to return a gain in falling markets.

Reflecting on another successful year demonstrating Lowes value, the 108 maturing capital at risk and 3 structured deposits that were identified as 'Preferred' at the time of launch delivered an average of 8.28% per annum compound over an average term of 3.22 years.

We are delighted to have been recognised as Investment Adviser of the Year* for a second consecutive year which in part, reflects the role structured products play in our overall investment management proposition. We do things differently, and evidently, we do them well.

In the pages ahead, we examine how structured investments have performed in 2024, as well as discussing the new Lowes Platinum Structured Investment Portfolio Service and providing an update on the progress and performance of the Lowes UK Defined Strategy Fund, which has now passed its sixth anniversary. Our commitment to rigorous research and product design has helped improve outcomes for our clients and the wider sector. As we look to 2025 and beyond, our focus remains on delivering tailored solutions that align with the evolving needs of investors, helping them navigate an increasingly complex financial landscape with confidence.

This Annual Performance Review considers the maturity results of publicly available structured investments and deposits, highlighting the results of those structures that Lowes identified as 'Preferred' at the time of launch.

The in-depth analysis does not include structures that were exclusively available to Lowes clients. The results of all such exclusive structures maturing in 2024, together with those of the structures designed in co-operation with Lowes for wider market use, are shown overleaf.

Whilst typical structured investments offer capped returns and as such are not designed with outperforming the underlying index in mind, the results in the table overleaf demonstrate that such out performance is possible and indeed was achieved in most instances.

Please do not hesitate to get in touch to benefit from our investment know-how.



Notes

Lowes database is maintained with details of all structured products launched in the UK that are promoted through Independent Financial Advisers and other wealth managers. It does not include private placement trades or, products distributed solely through closed or, restricted channels.

Throughout this document, rounding to 2 decimal places has been applied.

When referring to quartiles, we mean the average of the best or worst 25% of all respective maturities.

The annualised return is calculated using the total return over the holding period from the Strike Date to the Final Index Date.

Brokerage / intermediary fees are incurred when investing and the returns quoted throughout this review are based on the net amount invested.

Past performance is not a guide to future performance. Investments of this nature carry risks to your capital.

Errors and omissions excepted.

*Moneyfacts Investment Life and Pension Awards, 2023 & 2024



Ian H Lowes MSc FPFS
Managing Director,
Lowes Financial Management

All FTSE 100 or FTSE CSDI linked autocalls maturing in 2024 that were designed in co-operation with Lowes for the wider market or exclusively for Lowes clients

| Maturity date | Counterparty | Term in force (years) | Gain on net investment (%) | Out-performance vs index (%) |
|---------------|------------------|-----------------------|----------------------------|------------------------------|
| 19/02/2024 | Morgan Stanley | 3 | 19.80 | 3.78 |
| 26/02/2024 | Morgan Stanley | 2 | 15.10 | 12.42 |
| 26/02/2024 | Morgan Stanley | 2 | 18.70 | 16.02 |
| 04/03/2024 | Citigroup | 2 | 15.00 | 5.65 |
| 11/03/2024 | Société Générale | 2 | 15.00 | 7.82 |
| 22/03/2024 | Natixis | 5 | 70.00 | 59.96 |
| 25/03/2024 | Goldman Sachs | 2 | 14.80 | 9.00 |
| 19/04/2024 | Société Générale | 2 | 14.00 | 10.12 |
| 22/04/2024 | Citigroup | 2 | 14.80 | 7.32 |
| 22/04/2024 | Morgan Stanley | 2 | 15.60 | 8.95 |
| 22/04/2024 | Morgan Stanley | 2 | 18.80 | 12.15 |
| 22/04/2024 | Morgan Stanley | 2 | 22.80 | 16.15 |
| 22/04/2024 | Morgan Stanley | 2 | 14.80 | 8.15 |
| 07/05/2024 | BNP Paribas | 2 | 16.00 | 3.47 |
| 07/05/2024 | Citigroup | 6 | 63.90 | 54.03 |
| 17/05/2024 | Barclays | 2 | 16.40 | 4.40 |
| 20/05/2024 | Natixis | 7 | 86.59 | 73.69 |
| 10/06/2024 | HSBC | 2 | 14.50 | 2.05 |
| 17/06/2024 | Morgan Stanley | 2 | 16.50 | 0.03 |
| 17/06/2024 | Morgan Stanley | 2 | 20.50 | 4.03 |
| 17/06/2024 | Morgan Stanley | 2 | 24.50 | 8.03 |
| 28/06/2024 | Natixis | 6 | 60.66 | 53.46 |
| 28/06/2024 | Citigroup | 5 | 62.25 | 52.30 |
| 01/07/2024 | Goldman Sachs | 2 | 17.00 | 3.08 |
| 01/07/2024 | Natixis | 7 | 81.34 | 69.66 |
| 08/07/2024 | BNP Paribas | 2 | 16.00 | 2.14 |
| 22/07/2024 | Citigroup | 2.5 | 18.75 | 9.35 |
| 05/08/2024 | Morgan Stanley | 2 | 16.50 | 9.15 |
| 05/08/2024 | Morgan Stanley | 2 | 20.50 | 13.15 |
| 05/08/2024 | Morgan Stanley | 2 | 24.50 | 17.15 |
| 12/08/2024 | HSBC | 2 | 15.60 | 6.23 |
| 19/08/2024 | Natixis | 7 | 82.25 | 68.15 |
| 19/08/2024 | Natixis | 6 | 66.00 | 55.44 |
| 02/09/2024 | Société Générale | 8 | 96.00 | 74.69 |
| 09/09/2024 | Barclays | 2 | 17.00 | 3.11 |
| 23/09/2024 | Morgan Stanley | 2 | 17.50 | -0.01 |
| 23/09/2024 | Morgan Stanley | 2 | 21.50 | 3.71 |
| 23/09/2024 | Morgan Stanley | 2 | 25.50 | 7.99 |
| 30/09/2024 | Morgan Stanley | 6 | 70.80 | 61.12 |
| 04/10/2024 | Goldman Sachs | 5 | 67.35 | 51.62 |
| 07/10/2024 | Natixis | 7 | 59.50 | 49.12 |
| 07/10/2024 | Natixis | 7 | 78.75 | 68.37 |
| 14/10/2024 | Credit Agricole | 2 | 17.00 | -3.91 |
| 21/10/2024 | Société Générale | 8 | 92.40 | 73.91 |
| 29/10/2024 | Morgan Stanley | 3 | 21.00 | 7.94 |
| 29/10/2024 | Morgan Stanley | 3 | 32.70 | 19.64 |
| 04/11/2024 | Société Générale | 2 | 18.00 | 6.42 |
| 11/11/2024 | Morgan Stanley | 2 | 18.00 | 7.44 |
| 11/11/2024 | Morgan Stanley | 2 | 22.00 | 11.44 |
| 11/11/2024 | Morgan Stanley | 2 | 25.00 | 14.44 |
| 15/11/2024 | Goldman Sachs | 5 | 67.35 | 56.93 |
| 16/12/2024 | Société Générale | 8 | 100.00 | 82.17 |
| 17/12/2024 | Citigroup | 3 | 32.40 | 20.01 |
| 20/12/2024 | Goldman Sachs | 5 | 63.75 | 57.13 |
| 23/12/2024 | Citigroup | 2 | 19.50 | 11.58 |
| 23/12/2024 | Citigroup | 2 | 22.00 | 14.08 |
| 23/12/2024 | Citigroup | 2 | 24.50 | 16.58 |

Headline Data

| Structured product maturities 2024 | All products | Lowes 'Preferred' plans |
|------------------------------------|--------------|-------------------------|
| Number of product maturities | 669 | 111 |
| Generated positive returns | 660 | 111 |
| Returned capital only | 7 | 0 |
| Lost capital | 2 | 0 |
| Average duration / term (years) | 2.94 | 3.22 |
| Average annualised returns | | |
| All capital at risk products | 7.49% | 8.38% |
| Upper quartile | 9.86% | 10.24% |
| Lower quartile | 4.99% | 6.88% |
| All deposit products | 2.58% | 4.57% |
| Upper quartile | 4.79% | 5.25% |
| Lower quartile | 0.42% | 3.99% |
| All products | 7.19% | 8.28% |
| Upper quartile | 9.78% | 10.19% |
| Lower quartile | 4.15% | 6.61% |

Detailed analysis on pages 13-16.

Key Takeaways

- 627 capital at risk retail structured investments and 42 structured deposits matured throughout 2024 making it a record year.
- Of these, only 108 capital at risk plans and 3 structured deposits had been 'Preferred' by Lowes.
- Over 98% of maturing plans delivered a positive outcome for investors.
- The average annualised return for all maturing capital at risk plans was 7.49% over an average term of 2.81 years
- Lowes 'Preferred' capital at risk public offer plans delivered an average of 8.38% over an average of 3.13 years.
- Just 2 capital at risk plans realised a loss for investors in 2024, both of which were 'auto-put' plans designed to benefit only in falling markets.
- 7 of the 42 structured deposits returned no interest at maturity – these were linked to the now 'redundant' Investec EVEN 30 Index.
- The 3 Lowes 'Preferred' structured deposits returned an average annualised return of 4.57% over an average term of 6.34 years.
- All Lowes 'Preferred' plans maturing in 2024 did so positively.
- The FTSE 100* continues to be the most prevalent underlying measure used, representing over 77% of all maturities.
- FTSE 100* linked capital at risk autocalls are the most common shape, accounting for 54% of all maturities last year. These achieved an average annualised return of 7.84% over an average term of 2.3 years.
- Lowes 'Preferred' FTSE 100* linked public offer capital at risk autocalls achieved an average annualised return of 8.51% over an average term of 2.9 years.
- No FTSE 100* only linked capital at risk autocall has returned a loss since the first was issued in 2003.

* Underlying index was the FTSE 100 or FTSE CSDI. The CSDI tracks the same shares in the same proportions as the FTSE 100 but accounts for dividends differently. The CSDI has been over 99% correlated with the FTSE 100.

FTSE CSDI – a very credible alternative to FTSE 100 for structured investments

In the decades that we have been assessing and using structured products we have seen many iterations. We have seen various new indices introduced to which new structured products have been linked but none have been considered a credible alternative to the FTSE 100 until we were introduced to the FTSE CSDI (FTSE Custom 100 Synthetic 3.5% Fixed Dividend Index). In this article we discuss the difference between the FTSE 100 and FTSE CSDI and why we feel the latter to be a credible alternative.

Structured products commonly use traditional equity indices as their underlyings, the FTSE 100 accounting for the bulk of UK retail market issuance. The Euro Stoxx 50 and S&P 500 indices do make notable appearances, more often as an additional reference alongside the FTSE 100. These indices are calculated on a market-capitalisation methodology, assigning greater significance to larger companies.

A key aspect of these respective indices is that they function as price return indices, omitting the dividends distributed by constituent companies and therefore performance is based on changes in the share price only. The issuing banks behind structured investments estimate the anticipated value of the dividend stream over the expected life of the investment. A higher estimation will lead to a higher potential return being offered via the structure. If the estimate proves to be on the high side, the bank loses out. As such they are likely to err on the side of caution, not least to protect themselves from a repeat of the sort of reduction in dividends seen at the height of the pandemic. Lower dividend estimation plus a margin to cover the variability of the dividend yield equates to a lower potential

return being offered under a structured investment.

The FTSE CSDI was a solution created by FTSE Russell (who publish the FTSE 100 Index) to facilitate banks issuing structured products linked to the same top 100 companies, in the same proportions as the FTSE 100 but without having to be concerned about the dividend yield to the extent that they can assume it will be 3.5% - because for them under the structure, it effectively will be.

If the bank were 100% certain that dividend yields would be evenly distributed throughout each year and fixed and steady at 3.5% pa for the anticipated duration of the investment, returns offered for FTSE 100 linked contracts would be very close to those written on the FTSE CSDI. They typically are not.

The long-term average dividend yield of the FTSE 100 Index is c.3.5% p.a.¹. The implied dividend yield of the FTSE 100 for 2024 is 3.65%¹.

A FTSE CSDI linked autocall of the type utilised by Lowes² offers a coupon of 9.25% for each year held.

An identical contract from the same counterparty bank, albeit linked instead to the FTSE 100 Index offers a coupon of 7.84% - a difference of 1.41% per year.

Given the FTSE CSDI has a fixed dividend of 3.5% p.a. it is apparent that for the FTSE 100 linked structure the bank is assuming an effective dividend yield of around a third less. Whilst not quite as simple as that, it is clear that there is a big cushion built in.

For the investor, the higher potential coupon under a FTSE CSDI linked contract is achieved in return for accepting that if dividends fall the CSDI will lag the FTSE 100. This could ultimately mean that a positive maturity is not triggered, and in extreme circumstances, the loss protection barrier is breached, but for longer maximum term structures the more likely, worst-case scenario is that the contract simply takes longer to mature – rewarding the investor, with the higher return for each year it is in force.

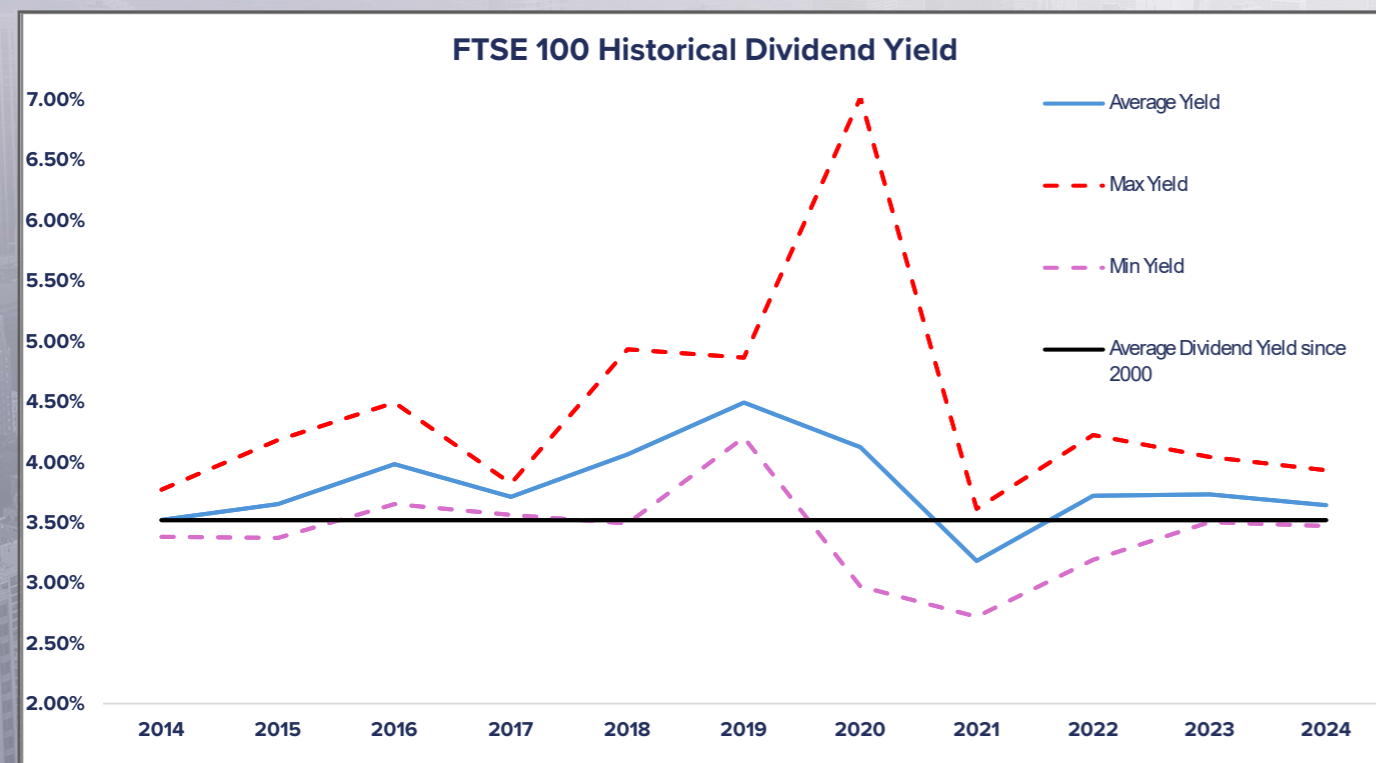
Whilst of course not guaranteed, it is our expectation that use of the FTSE CSDI over the FTSE 100 will however, have little to no effect, other than rewarding the investor with a higher coupon. That's because the FTSE CSDI will perform very similarly to the FTSE 100 Index provided dividend yields continue around their 3.5% p.a. long term average. The CSDI may moderately outperform if dividends remain above this level. In the hypothetical scenario that FTSE 100 dividend yield transpires to be consistently a third lower than the long-term average, the CSDI will underperform the FTSE by approximately 1.2% pa.

A decrement that we feel is unlikely and, in any event will have little bearing on the outcome of a longer maximum duration autocall where the stock market rises over the term.

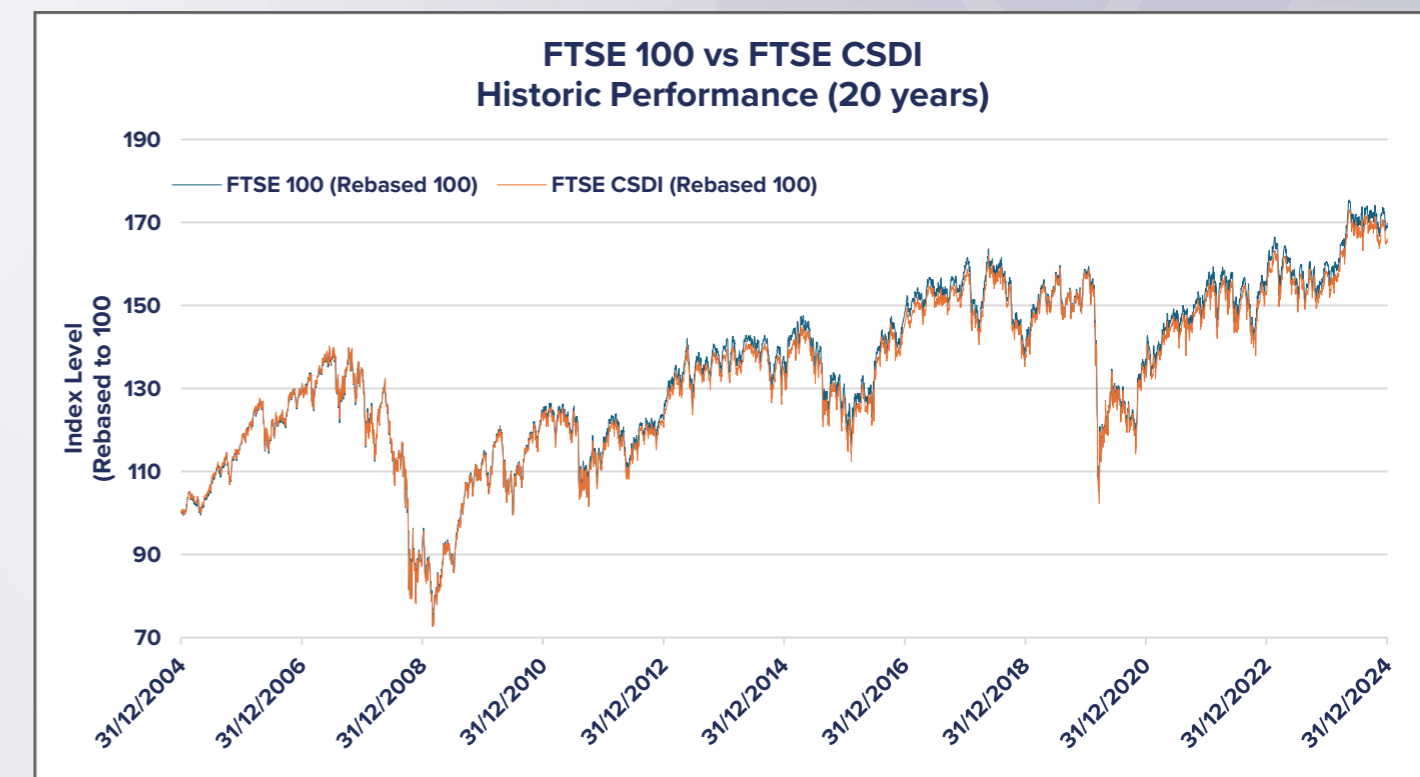
As it is, whilst past performance is not a guide to the future the FTSE CSDI and has been more than 99% correlated with the FTSE 100 and to date has performed almost identically, as can be seen in the chart below.

By utilising the FTSE CSDI as an underlying for structured investments counterparty banks are able to offer improved terms for investors because the banks no longer concern themselves with future dividend expectations and as such do not need to build in a margin to protect themselves.

To date, seven structured investment counterparty banks have licenced the use of the FTSE CSDI and we would like to see this number grow as we feel the index is a very credible alternative to the FTSE 100 with its use to date having led to better investor outcomes.



The chart shows the variation in dividend yields for the FTSE 100, since 2014. The long term average dividend yield since 2000 is c.3.5%, however the maximums/minimums can vary greatly, underlying the issue that banks have when making assumptions about the future. Data source: FTSE Yield History, Dividend Data, (<https://www.dividenddata.co.uk/>)



Source: Mariana Capital and Bloomberg, 06 December 2024. The FTSE CSDI was launched on 01 September 2020 and the above chart therefore shows a simulation of how it would have performed compared to the FTSE 100 Index.

¹FTSE Yield History, Dividend Data, (<https://www.dividenddata.co.uk/>)

² Eight-year maximum term at-the-money autocall, with kick-out observations from year two onwards and a 65% end of term capital at risk barrier, priced on 17 December 2024.

Have you
discovered
it yet?



It may have been staring you in the face...

The 10:10 Plan

Developed in co-operation with Lowes, drawing on decades of experience to be amongst the best propositions available on the market.

Talk to your financial adviser about incorporating the 10:10 Plan into your portfolio.

Mariana



CAPITAL AT RISK.

The 10:10 Plan

Back in 2015 Lowes worked with independent structured product provider, Mariana Capital to bring to the UK sector a new design of structured investment that we felt would lead to better investor outcomes. It was a concept that we had been considering since 2008 which sought to improve on what was already by then becoming our favoured structure – the autocall or kick-out, which itself was first introduced in 2003. Combining the benefits of short-term annual kick-out potential with longer maximum investment terms to fundamentally increase the number of opportunities to successfully generate positive kick-out returns during the term, whilst repositioning investors exposure to market risk through an extended 'end-of-term' protection barrier, the 10:10 Plan has been a stalwart structure in the UK retail market ever since the first issue launched in October 2015.

Whilst there has been a degree of variation of the 10:10 over the years including the hurdle option reducing from 10% to 5% and the replacement of the FTSE 100 with the FTSE CSDI (the FTSE 100's very close, 99%+ correlated 'cousin', which tracks the same 100 stocks in the same proportions but accounts for dividends differently), the underlying core structure has remained. A ten-year maximum term with a 70% end of term European barrier, a combination that has proved on every occasion so far to generate a positive return.

The three now familiar options of the 10:10 Plan today are distinctly:

- **Option 1** – step down with maturity triggers at 102.5% of initial index level on the second anniversary, reducing by 2.5% per year thereafter to 82.5% on the tenth anniversary.
- **Option 2** – maturity trigger at 100% of initial index level on the second and subsequent anniversaries.
- **Option 3** – maturity trigger at 105% of initial index level on the second and subsequent anniversaries.

Capital at risk autocalls linked to FTSE 100 or CSDI only, maturing between October 2018 and December 2024¹:

| | All Products | 10:10 Plans [*] |
|---|--------------|--------------------------|
| Number of maturing products | 1353 | 153 |
| Number returning a positive outcome | 1348 | 153 |
| Number returning capital only | 5 | 0 |
| Number returning a loss | 0 | 0 |
| Average total gain | 18.62% | 32.03% |
| Average term (years) | 2.41 | 3.27 |
| Average annualised returns | 7.35% | 8.74% |
| Average annualised returns upper quartile | 9.50% | 11.06% |
| Average annualised return lower quartile | 5.51% | 6.63% |

^{*}excludes the 3 options of the Dual Index 10:10 Plan April 2016 which successfully matured in April 2019 with gains of 28.05%, 36.15% & 45.75%

When we draw comparisons to the subsector (FTSE 100[^] linked autocalls) since the first 10:10 maturity, we clearly see that the 10:10 outperforms on all accounts on an annualised basis. What's more, fourteen out of the twenty best performing plans of the subsector, also on an annualised return basis were also 10:10 Plans.

The surge in the FTSE 100 this year to all-time highs above 8,400 has ensured that a large number of hurdle contracts (10:10 Option 3) have kicked-out, including the 10% hurdles from 2016 and 2017 and as a result have matured with substantial, market-beating returns. In 2024, 25 hurdle 10:10s have kicked-out, beating the previous three years of maturities combined. Obviously, the requirement for a 10% rise in the FTSE 100 meant that these plans had a longer expected potential duration from the outset, however as with all autocalls a longer duration results in a snowballing coupon effect, which in these instances are between 11% and 12.6% for each year.

UK retail structured products with a maximum 10-year term are few and far between and whilst the maximum term has not yet been required, the longer maximum term helps bring significant peace of mind. In the event that a severe market downturn occurs during the life of a plan, the extended term allows more time for the market to bounce back and for the plan to mature positively. There have been only 13 capital at risk, FTSE linked retail autocalls that have failed to produce a gain and that number would have been nil if those plans had 10 year terms.

The longest running currently live 10:10 is the March 2017 Option 3 (hurdle) which will see its sixth observation in March 2025 (it's eighth anniversary), where if the FTSE closes above 8,111.69, investors will receive a gain of 99.2% (12.4% for each year). Although it has been eight years in the making, it's another demonstration of the strength of autocalls and their snowballing coupons. With the FTSE currently hovering around the required kick-out level, only time will tell whether investors will be rewarded for their eight year holding period at that juncture. Investors of course do not have to wait until a triggered maturity and at the time of writing the surrender price for this Plan is 183.1, representing a 83.1% gain.

The February 2025 10:10 Plan represents the 75th tranche of the almost decade-old 10:10 Plan which has typically seen three options per tranche. The February issue, backed by Citigroup, has coupons of 7.25%, 8.70% and 10.25% for each year held for Options 1, 2 and 3 respectively.

All are linked to the FTSE CSDI rather than the FTSE 100 Index, meaning that the counterparty bank does not have to estimate dividends and as such, there is no premium built into the structuring to account for potential falls from the long-term dividend yield produced by the 100 stocks.

To find out more please talk to your financial adviser, call us on **0191 2818811** or email **Enquiry@Lowes.co.uk**.

¹Data source: StructuredProductReview.com

[^]Includes FTSE 100 and FTSE CSDI linked

Disclosure of Interests:

Lowes has provided input into the concept, development, promotion and distribution of the 10:10 Plan. The provider's charges/fees are built into the terms of the investment - Lowes has a commercial interest in the Plan as a result of its involvement in its development and promotion. All Plan returns are stated after allowing for the provider's charges/fees. Where Lowes is involved in advice on or the intermediation of the 10:10 Plan to retail clients, we will not be paid any fee from Mariana for our input but instead Mariana will help support a range of UK registered charities.

Lowes UK Defined Strategy Fund

Why the many are smarter than the few...

The benefits which structured investments bring to an investment portfolio have been understood by Lowes and shared with their clients now for many years. They provide an element of definition which other asset classes simply do not offer. Given the knowledge accumulated one natural progression from standalone retail plans was to offer a fund of structured investments. After spending time to arrive at the most appropriate strategy to deliver such a vehicle, this is exactly what we did in December 2018 in the form of the Lowes UK Defined Strategy Fund. The Fund recently passed its sixth birthday and has now accumulated assets under management of over £29 million.

The investment objective of the Fund is a simple one, to provide capital growth over the medium to longer term. The strategy to achieve this was given careful consideration and our preference is to allocate predominantly to strategies where the underlying index is UK equity linked, typically in the form of the FTSE 100 or FTSE CSDI index. Indeed, 80% of assets must be invested in line with this criteria. We recognised however, that there may be times when exposure to other indices is appropriate and therefore the Fund has the flexibility to invest up to 20% in other developed market indices.

A primary benefit which the Fund brings to an investor is diversification, no matter how much or how little they are able to allocate. At the end of December the Fund provided exposure to 25 underlying strategies, something which would be difficult to achieve via retail plans without having a considerable amount of capital to invest. Investors gain exposure to an array of underlying shapes, from at-the-money strategies to those with a stepdown or defensive feature. Observation dates for potential maturities are spread throughout the calendar year, adding a further level of diversification by reducing concentration risk on a particular date.

Being a fund also means that individuals are not subject to Capital Gains Tax when individual strategies mature but instead it is deferred until such point in time that holdings

are redeemed. This deferral of potential Capital Gains Tax liability can of course aid tax planning, putting the holder in control of when tax is due. Further, whilst arguably not the most attractive of benefits, in the event of the death of the fund holder any potential Capital Gains Tax liability dies with them.

Investment in strategies is facilitated in two ways. At the end of December, 15 live strategies were in Note form, thereby taking on the counterparty risk albeit of a diversified basket of ten issuing banks. The Fund also has the ability to create strategies 'Over the Counter', allowing for the removal of counterparty risk, instead collateralising each trade with UK gilts, and has done so to a greater extent than utilising Notes.

For those used to investing in only a few retail plans, diversification perhaps means that the 'thrill' of a maturity can be lost. However, that does not mean that it is a negative from a performance perspective. Since launch, there have been 63 maturities within the Fund. Over the last 3 years¹ a return of 17.91% has been enjoyed, outperforming the FTSE 100 which posted a price return over the same period of 10.68%. This was delivered with just over 60% of the volatility posted by the index. Performance relative to peers was also strong, being the top performer. The same is true over 4 years, over which a 33.15% return has been enjoyed. With daily liquidity, investors can invest or disinvest as required but we would always recommend a minimum holding period of at least 5 years. Over the last 5 years¹, which encompasses the difficult period for investment markets due to the pandemic, the Fund has posted a total return of 26.13%, more than treble that of the FTSE 100 price return 8.36%.

Harry Markowitz, the pioneer of Modern Portfolio Theory, is famous for describing diversification as "the only free lunch in investing." Make sure you don't miss out on yours.

The Lowes UK Defined Strategy Fund is available on most mainstream investment platforms and pensions for investment via ISAs, pensions and direct holdings.



To discuss investing in the Lowes UK Defined Strategy Fund, please contact us on **0191 281 8811** or via email at **Enquiry@Lowes.co.uk**.

¹FE Analytics, Figures correct to December 2024

All performance figures sourced from FE Analytics.

Past performance is not a guide to future performance.

LOWES

INVESTMENT MANAGEMENT

Structured: Having a definite, predetermined path.

Structured investments, providing investors with exposure to defined returns under clearly defined market conditions.
Isn't it time they were part of your portfolio DNA?

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The value of this investment can fall as well as rise and investors may get back less than they originally invested. For a full list of potential risk factors please see the section entitled "Risk Factors" set out in the Prospectus of the ICAV. The Lowes UK Defined Strategy Fund is a sub-fund of the Skyline Umbrella Fund ICAV and is authorised and regulated by the Central Bank of Ireland. The full suite of fund documentation can be accessed by visiting UKDSF.com/literature or iqeq.com/skyline and is only available in English. The summary of investor rights is available here: [IQ-EQ1239_PolicyAndProcedure_Complaints-Policy_2023_FA_02](#)

Management Company - IQ EQ Fund Management (Ireland) Limited, Depository - Northern Trust Fiduciary Services (Ireland) Limited and Administrator - Northern Trust International Fund Administration Services (Ireland) Limited.

This is a marketing communication. This is not a contractually binding document. Please refer to the Prospectus and Supplement of the Fund and to the KIIDs/ KIDs and do not base any final investment decision on this communication alone.

Lowes Investment Management, Fernwood House, Clayton Road, Jesmond, Newcastle upon Tyne, NE2 1TL. Authorised and regulated by the Financial Conduct Authority.

Lowes Platinum Structured Investment Portfolio Service

A defining highlight for Lowes in 2024 was the introduction of the Lowes Platinum Structured Investment Portfolio Service.

Lowes expertise in the field of structured products has been honed over more than 25 years and through our commitment to research and innovation we have played a pivotal role at the forefront of the retail sector, influencing the delivery of better contracts with improved investor outcomes. Coupled with a wider investment management proposition, structured products have played a significant role in Lowes being recognised as the best investment adviser in the UK for two years in a row.*

Whilst many aspects of the retail sector have improved significantly over the years, our selection process still saw us reject most new retail products, opting only for those that we felt were of the highest calibre. For a number of years, we have been able to achieve even better solutions by creating structured investments exclusively for our clients, with reduced charges leading to better potential returns, or improved risk parameters. Having delivered eighty of these exclusive structured investments that our clients have benefitted from, in 2024 we progressed to an even better model – Lowes Platinum Structured Investment Portfolio Service.

The new service offers unparalleled access to our expertise, facilitating access to investments that follow our successful, 'tried and tested' methodology but on better terms than the traditional 'plan based' model and with potential to access a

wider range of counterparties. Under the service, clients gain access to the type of bank issued securities that sit behind traditional structured plans but in a more convenient manner and with reduced, embedded creation costs.

An example of the improved terms achieved is one where compared to an equivalent public offer retail plan, with the same counterparty and start date, the structure acquired under the new service offered a notably higher potential return and also had more frequent maturity triggers.

The service sees clients still access individual holdings albeit with lower creation costs. Via its discretionary mandate, it not only removes onerous client administration and lowers transaction fees, it also reduces the potential delays re-investing maturity proceeds and allows these proceeds to be seamlessly reinvested, without the need for financial advice and traditional intermediation fees. It facilitates all of this whilst maintaining an option for the client to intervene with any proposed investment. Launched in late summer the service has seen a strong uptake, with hundreds of clients benefitting from access to eighteen structures issued by seven strongly rated counterparties: Morgan Stanley, Citigroup, Natixis, UBS, Credit Agricole, BNP Paribas, and Goldman Sachs. This highlights the appeal of the service's streamlined approach, which combines enhanced investment opportunities with greater efficiency.

The maximum ongoing annual charges under the Structured Investment Portfolio Service are capped at 1.05% per annum.

Indicative investment utilised via the Structured Investment Portfolio Service

- Lowes Platinum 19 – Morgan Stanley
- Potential for 9.90% gain for each year held, triggered on the first anniversary if the FTSE CSDI closes 5% or more above the Initial Index Level, or any subsequent anniversary where the FTSE CSDI is at, or above the Initial Index Level. Maximum term – 8 years.
- Capital protection barrier – 65% of Initial Index Level (only observed on the 8th anniversary if not matured sooner).



To discuss investing in the Lowes Platinum Structured Investment Portfolio Service please contact us on **0191 281 8811** or via email at **Enquiry@Lowes.co.uk**.

Analysis and Annualised Performance 2024

| By Product Type | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 627 | 108 | 42 | 3 |
| Number of products producing positive returns | 625 | 108 | 35 | 3 |
| Number of products returning capital only | 0 | 0 | 7 | 0 |
| Number of products which lost capital | 2 | 0 | 0 | 0 |
| Average duration / term (years) | 2.81 | 3.13 | 4.81 | 6.34 |
| Average Annualised Returns | | | | |
| All products | 7.49% | 8.38% | 2.58% | 4.57% |
| Upper quartile | 9.86% | 10.24% | 4.79% | 5.25% |
| Lower quartile | 4.99% | 6.88% | 0.42% | 3.99% |

| FTSE 100 and FTSE CSDI Indices Only* | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 487 | 108 | 32 | 3 |
| Number of products producing positive returns | 487 | 108 | 32 | 3 |
| Number of products returning capital only | 0 | 0 | 0 | 0 |
| Number of products which lost capital | 0 | 0 | 0 | 0 |
| Average duration / term (years) | 2.86 | 3.13 | 4.66 | 6.34 |
| Average Annualised Returns | | | | |
| All products | 7.30% | 8.38% | 3.15% | 4.57% |
| Upper quartile | 9.28% | 10.24% | 5.04% | 5.25% |
| Lower quartile | 5.22% | 6.88% | 1.49% | 3.99% |

| Non-FTSE 100 / CSDI Indices Only | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 140 | 0 | 10 | 0 |
| Number of products producing positive returns | 138 | - | 3 | - |
| Number of products returning capital only | 0 | - | 7 | - |
| Number of products which lost capital | 2 | - | 0 | - |
| Average duration / term (years) | 2.65 | - | 5.31 | - |
| Average Annualised Returns | | | | |
| All products | 8.18% | - | 0.75% | - |
| Upper quartile | 11.24% | - | 2.49% | - |
| Lower quartile | 4.48% | - | 0.00% | - |

*The FTSE CSDI measures the performance of the same 100 shares in the same weightings as the FTSE 100 but accounts for dividends differently. The two are over 99% correlated – we have therefore grouped the two underlyings together for the purpose of the review.

*Moneyfacts Investment Life and Pension Awards, 2023 & 2024

Analysis and Annualised Performance by Product Shape - **Autocall/Kick-Out Products**

| By Product Type | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 476 | 99 | 10 | 3 |
| Number of products producing positive returns | 474 | 99 | 10 | 3 |
| Number of products returning capital only | 0 | 0 | 0 | 0 |
| Number of products which lost capital | 2 | 0 | 0 | 0 |
| Average duration / term (years) | 2.32 | 2.90 | 4.40 | 6.34 |
| Average Annualised Returns | | | | |
| All products | 7.98% | 8.51% | 3.04% | 4.57% |
| Upper quartile | 10.08% | 10.33% | 4.83% | 5.25% |
| Lower quartile | 5.88% | 7.06% | 1.69% | 3.99% |

| FTSE 100 and FTSE CSDI Indices Only* | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 363 | 99 | 9 | 3 |
| Number of products producing positive returns | 363 | 99 | 9 | 3 |
| Number of products returning capital only | 0 | 0 | 0 | 0 |
| Number of products which lost capital | 0 | 0 | 0 | 0 |
| Average duration / term (years) | 2.30 | 2.90 | 4.11 | 6.34 |
| Average Annualised Returns | | | | |
| All products | 7.84% | 8.51% | 2.85% | 4.57% |
| Upper quartile | 9.54% | 10.33% | 4.86% | 5.25% |
| Lower quartile | 6.32% | 7.06% | 1.69% | 3.99% |

| Non-FTSE 100 / CSDI Indices Only | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 113 | 0 | 1 | 0 |
| Number of products producing positive returns | 111 | - | 1 | - |
| Number of products returning capital only | 0 | - | 0 | - |
| Number of products which lost capital | 2 | - | 0 | - |
| Average duration / term (years) | 2.38 | - | 7.01 | - |
| Average Annualised Returns | | | | |
| All products | 8.41% | - | 4.76% | - |
| Upper quartile | 11.32% | - | - | - |
| Lower quartile | 4.63% | - | - | - |

*The FTSE CSDI measures the performance of the same 100 shares in the same weightings as the FTSE 100 but accounts for dividends differently. The two are over 99% correlated – we have therefore grouped the two underlyings together for the purpose of the review.

Analysis and Annualised Performance by Product Shape - **Growth Products**

| By Product Type | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 14 | 8 | 25 | 0 |
| Number of products producing positive returns | 14 | 8 | 18 | - |
| Number of products returning capital only | 0 | 0 | 7 | - |
| Number of products which lost capital | 0 | 0 | 0 | - |
| Average duration / term (years) | 5.86 | 6.01 | 4.64 | - |
| Average Annualised Returns | | | | |
| All products | 7.93% | 7.10% | 2.28% | - |
| Upper quartile | 11.32% | 8.25% | 5.07% | - |
| Lower quartile | 5.60% | 6.20% | 0.00% | - |

| FTSE 100 Only | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 12 | 8 | 17 | 0 |
| Number of products producing positive returns | 12 | 8 | 17 | - |
| Number of products returning capital only | 0 | 0 | 0 | - |
| Number of products which lost capital | 0 | 0 | 0 | - |
| Average duration / term (years) | 6.01 | 6.01 | 4.47 | - |
| Average Annualised Returns | | | | |
| All products | 6.98% | 7.10% | 3.30% | - |
| Upper quartile | 8.66% | 8.25% | 5.53% | - |
| Lower quartile | 5.14% | 6.20% | 1.30% | - |

| Non-FTSE 100 Only | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 2 | 0 | 8 | 0 |
| Number of products producing positive returns | 2 | - | 1 | - |
| Number of products returning capital only | 0 | - | 7 | - |
| Number of products which lost capital | 0 | - | 0 | - |
| Average duration / term (years) | 5.01 | - | 5.01 | - |
| Average Annualised Returns | | | | |
| All products | 13.66% | - | 0.11% | - |
| Upper quartile | 14.85% | - | 0.44% | - |
| Lower quartile | 12.46% | - | 0.00% | - |

Analysis and Annualised Performance by Product Shape - **Income Products**

| By Product Type | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 137 | 1 | 7 | 0 |
| Number of products producing positive returns | 137 | 1 | 7 | - |
| Number of products returning capital only | 0 | 0 | 0 | - |
| Number of products which lost capital | 0 | 0 | 0 | - |
| Average duration / term (years) | 4.21 | 3.00 | 6.01 | - |
| Average Annualised Returns | | | | |
| All products | 5.77% | 6.21% | 2.97% | - |
| Upper quartile | 7.60% | - | 3.23% | - |
| Lower quartile | 4.25% | - | 2.45% | - |

| FTSE 100 and FTSE CSDI Indices Only* | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 112 | 1 | 6 | 0 |
| Number of products producing positive returns | 112 | 1 | 6 | - |
| Number of products returning capital only | 0 | 0 | 0 | - |
| Number of products which lost capital | 0 | 0 | 0 | - |
| Average duration / term (years) | 4.32 | 3.00 | 6.01 | - |
| Average Annualised Returns | | | | |
| All products | 5.56% | 6.21% | 3.16% | - |
| Upper quartile | 7.24% | - | 3.23% | - |
| Lower quartile | 4.14% | - | 3.09% | - |

| Non-FTSE 100 / CSDI Indices Only | | | | |
|---|-----------------|----------------------------|---------------------|----------------------------|
| Structured Product Maturities | Capital at Risk | | Structured Deposits | |
| | All products | Lowes 'Preferred' products | All products | Lowes 'Preferred' products |
| Number of product maturities | 25 | 0 | 1 | 0 |
| Number of products producing positive returns | 25 | - | 1 | - |
| Number of products returning capital only | 0 | - | 0 | - |
| Number of products which lost capital | 0 | - | 0 | - |
| Average duration / term (years) | 3.72 | - | 6.01 | - |
| Average Annualised Returns | | | | |
| All products | 6.69% | - | 1.84% | - |
| Upper quartile | 8.44% | - | - | - |
| Lower quartile | 5.16% | - | - | - |

*The FTSE CSDI measures the performance of the same 100 shares in the same weightings as the FTSE 100 but accounts for dividends differently. The two are over 99% correlated – we have therefore grouped the two underlyings together for the purpose of the review.

About Lowes & **Structured Products**

Lowes, established in 1971 are independent financial planners and investment managers with a broad variety of expertise across all aspects of wealth management. As independent financial advisers, we assess the whole investment space to ensure that our advice is individually tailored to our clients' financial goals. In doing so, we consider alternative as well as familiar investments and retirement solutions.

Our expertise in the structured product sector is widely acknowledged and respected. We have been evaluating all new product launches in the retail market for almost twenty five years, during which time we have played a significant role in helping to educate the wider adviser community about the sector, whilst helping to shape it for better investor outcomes, by championing good product design and governance and warning against some of the less desirable, historic sector additions.

Over the last two decades we have published details of over 9,000 product reviews, whilst

identifying which of these we 'Preferred' and as such were prepared to utilise in client portfolios. We have used our sector knowledge to help bring to the market new product shapes, such as the Mariana 10:10 Plan which influenced significant improvements to other new issues across the sector.

We now offer a discretionary managed service in the form of the Lowes Platinum Structured Investment Portfolio Service which provides best access to our expertise in selecting individual structured notes for our clients. We also manage the Lowes UK Defined Strategy Fund, an innovative UCITS fund of structured investment strategies, which draws upon our unrivalled experience and structured investment selection success. The Fund provides an easy way to invest across multiple structured investment strategies, with no more than 10% credit exposure to any one bank. It is available on many major investment platforms. To access further information visit www.UKDSF.com.



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