



Investec plans get thumbs up from safety-conscious investors

Story by: Maike Currie | Magazine: [FinancialAdviser](#) | Published Thursday , November 27, 2008

Investec Structured Products

Despite structured products receiving a bad rap from certain IFAs, many clients are turning to these products as a safe haven against further market downside. Investec Structured Products has met increased investor demand for protected products by recently launching its fifth series of structured investment plans.

The latest offering, which is open for investment until 9 January 2009, seeks to enable intermediaries to match appropriate return profiles to clients' risk appetites.

The accumulation plans consists of the Guaranteed 3-year FTSE100 Plan 5 and the Guaranteed 5-year FTSE100 Plan 5, each available in two options. These plans continue to guarantee the initial deposit at the plan maturity date, and, at the same time strive to outperform the returns investors could expect from cash investments.

The first option continues to offer geared upside on the FTSE100 while option 2 includes a minimum return feature, designed for those investors who would like exposure to the performance of the FTSE100, but also require a guaranteed positive return should the market not perform as expected.

These plans deliver asset growth as either an alternative or complement to traditional equity and fund investments.

Peter Chadborn, principal of Essex-based IFA CBK Colchester, said he expected to see a surge in structured product launches in an attempt to appeal to nervous advisers and their even more nervous clients.

He said: "However, these products demand a thorough understanding and there is a danger that they could be recommended as a simple solution to cautious investors who do not understand the mechanics of the product sufficiently well."

Tony Foulkes, a financial planner for London-based IFA, Jonathan Fry & Co. agreed, adding that some structured products are very complex and final return is often difficult to assess due to the varying methods a provider may use to calculate a final index figure.

He said: "Events of recent months have also thrown up an additional risk to the capital held within a structured product, namely that of credit or counterparty risk."

Mr Foulkes added that Investec was a fairly recent entrant to the structured market and seemed to have set up a strong distribution team.

He said: "Past issues of its products have also been much commended. It also provides

fairly clear literature, and do tend to launch a range of products at the same time, as part of a collection, unlike some providers who seem to bombard us with a number of new plans over several weeks."

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