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Guide to Backtesting Deposit Plans

September 2020



Backtesting

Backtesting can be a useful tool for advisers in order to evaluate performance in various market scenarios. Backtesting should be used as one of a suite of tools when choosing a suitable Plan for a client.

The information provided in this guide is intended to demonstrate how our Plans would have performed historically, had they been available for investment. Particular emphasis has been placed on the scenarios in which clients would have received no return on their investment.

In order to simulate past performance, our Plans have been tested as if they had started on every trading day between the start date of the underlying index and the final backtesting date of the Plan.

For reference, backtesting a 6 year Plan linked to the FTSE 100 constitutes 7,771 individual tests.

It is important to bear in mind that the information contained within this guide is in no way an indication of future returns.

This guide is an analysis of the following Deposit Plans:

Income

- FTSE 100 Income Deposit Plan – Monthly

Defensive

- FTSE 100 3 Year Defensive Deposit Plan
- FTSE 100 6 Year Defensive Deposit Plan (Min Return version)
- FTSE 100 Defensive Kick-Out Deposit Plan

Growth

- FTSE 100 Kick-Out Deposit Plan
- FTSE 100 3 Year Deposit Plan
- FTSE 100 6 Year Deposit Plan
- FTSE4Good 6 Year Deposit Plan

Additional support tools

For more information on our Plans, please visit our website:

www.investec.com/structured-products or call us on 020 7197 2440.

FTSE 100 Income Deposit Plan – Monthly

This Plan has a term of 6 years and pays monthly income payments if the FTSE 100 is higher than 75% of its starting level. If the FTSE 100 is equal to or below 75% of its starting level at the end of any month, no income payment will be made. This Plan does not put capital at risk.

The table below shows the number of occasions on which an investment in this Plan would have resulted in either a return of capital with income payments or a return of capital only, with no income payments.

Scenario	Frequency	Frequency (%)
Return of Capital only (with No Income Payments)	0	0.00%
Return of Capital with Income Payments	7771	100.00%
Total number of tests	7771	
Average number of successful income payments	68.27 out of 72	

Since our backtesting has indicated that investment in the FTSE 100 Income Deposit Plan would have resulted in no instances of return of capital only, we have only included a graph on this page to indicate the final backtesting start date.



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date: 3 January 1984

Final backtesting start date: 30 September 2014

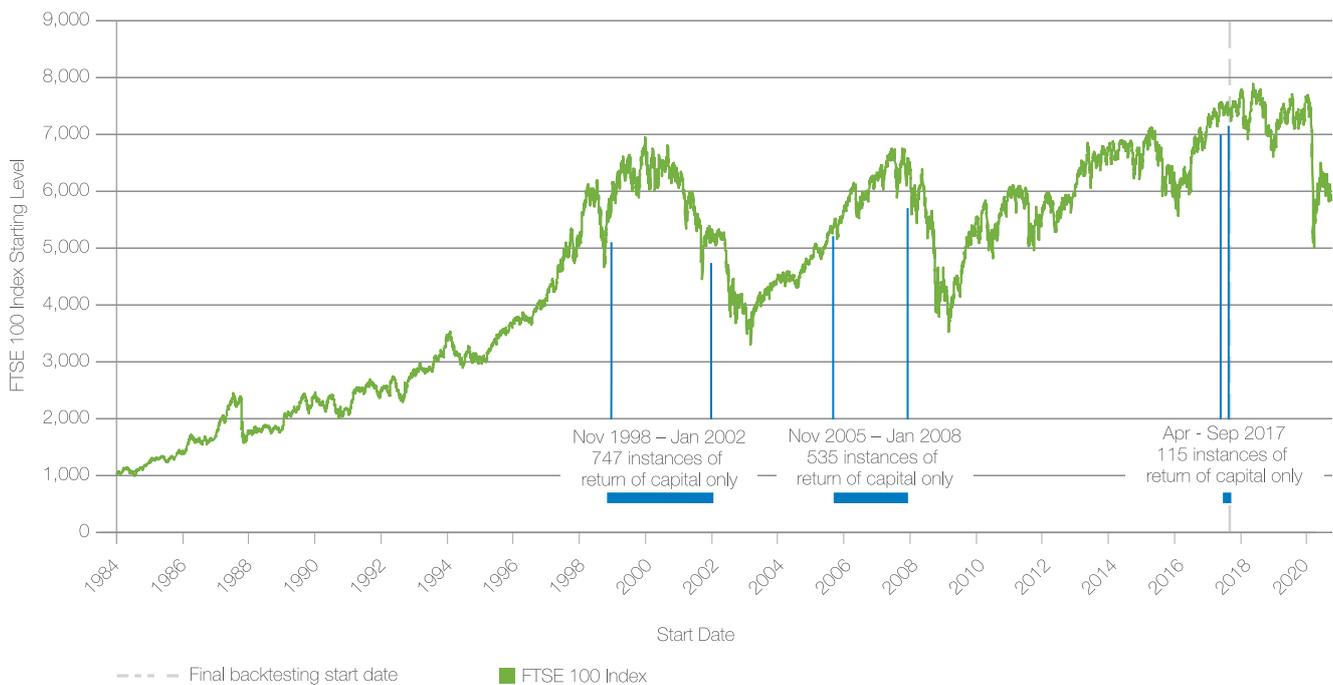
FTSE 100 3 Year Defensive Deposit Plan

This Plan has a term of 3 years. At maturity, if the FTSE 100 Index is greater than 90% of its starting level, this Plan pays a fixed return. If the FTSE 100 is equal to or below 90% of its starting level, this Plan returns capital with no additional return. This Plan does not put capital at risk.

The table below shows the number of occasions on which an investment in this Plan would have resulted in either a positive return, or a return of capital with no additional return.

Scenario	Frequency	Frequency (%)
Positive Return	7133	83.62%
Return of Capital Only	1397	16.38%
Total number of tests	8530	

The chart below shows the backtesting start date of any instances where investment in the FTSE 100 3 Year Defensive Deposit Plan would have resulted in a return of capital only, with no additional return:



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date 3 January 1984

Final backtesting start date: 30 September 2017

FTSE 100 6 Year Defensive Deposit Plan (Min Return version)

This Plan has a term of 6 years. At maturity, if the FTSE 100 Index is greater than 100% of its starting level, this Plan returns capital plus the maximum return. If the FTSE 100 is equal to or below 100% of its starting level, this Plan returns capital plus the minimum return. This Plan does not put capital at risk.

The table below shows the number of occasions on which an investment in this Plan would have resulted in either the maximum return, or the minimum return.

Scenario	Frequency	Frequency (%)
Maximum Return	6192	79.68%
Minimum Return	1579	20.32%
Total number of tests	7771	

The chart below shows the backtesting start date of any instances where investment in the FTSE 100 6 Year Defensive Deposit Plan (Min Return version) would have resulted in the minimum return:



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date: 3 January 1984

Final backtesting start date: 30 September 2014

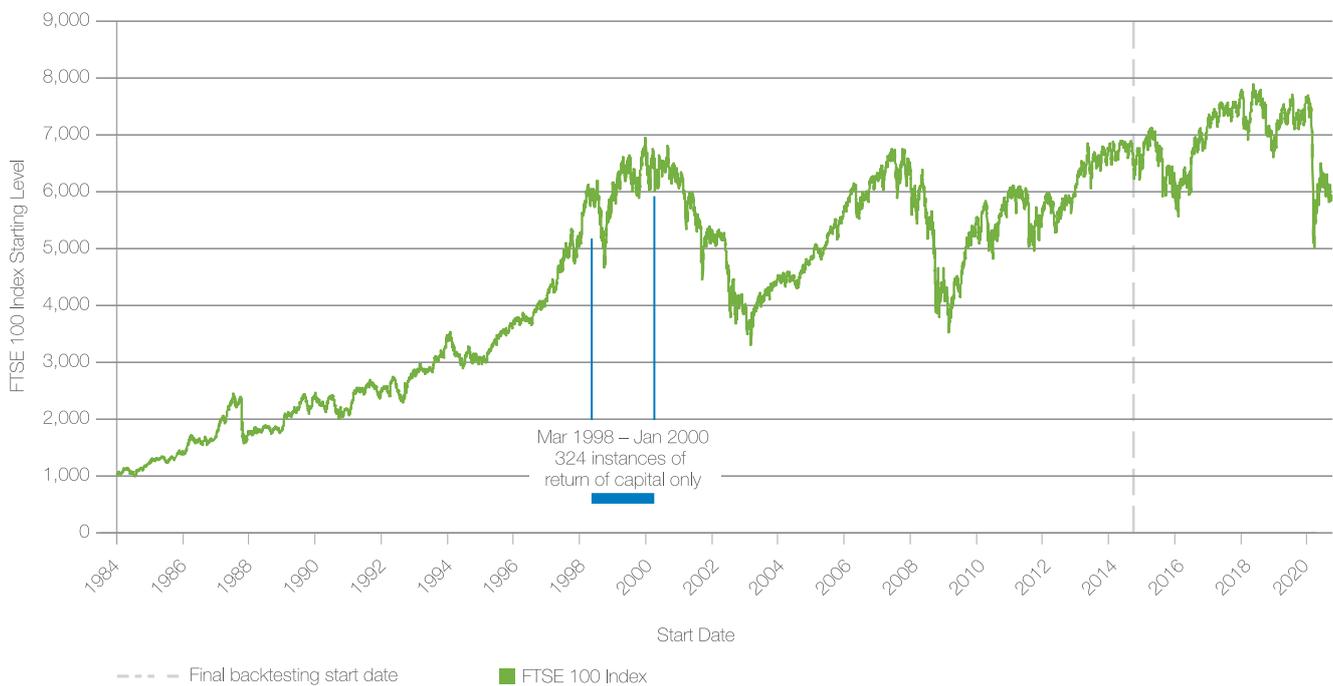
FTSE 100 Defensive Kick-Out Deposit Plan

This Plan has a maximum term of 6 years, with the potential for maturity after years 3-6 with a positive return if the FTSE 100 Index is greater than a 'Kick-Out' level that reduces each year. The 'Kick-Out' level is a percentage of the starting level of the FTSE 100: 100% in Year 3, 95% in Year 4, 90% in Year 5 and 85% in Year 6. This Plan does not put capital at risk.

The table below shows the number of occasions on which this Plan would have matured at each potential maturity date. Where the Plan would have reached final maturity, the table shows how many times an investor would have experienced a positive return or a return of capital with no additional return.

Scenario	Frequency	Frequency (%)
Early Maturity in Year 3	5878	75.64%
Early Maturity in Year 4	575	7.40%
Early Maturity in Year 5	462	5.95%
Final Maturity - positive return	532	6.85%
Final Maturity - return of capital only	324	4.17%
Total number of tests	7771	

The chart below shows the backtesting start date of any instances where investment in the FTSE 100 Defensive Kick-Out Deposit Plan would have resulted in a return of capital only, with no additional return:



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date: 3 January 1984

Final backtesting start date: 30 September 2014

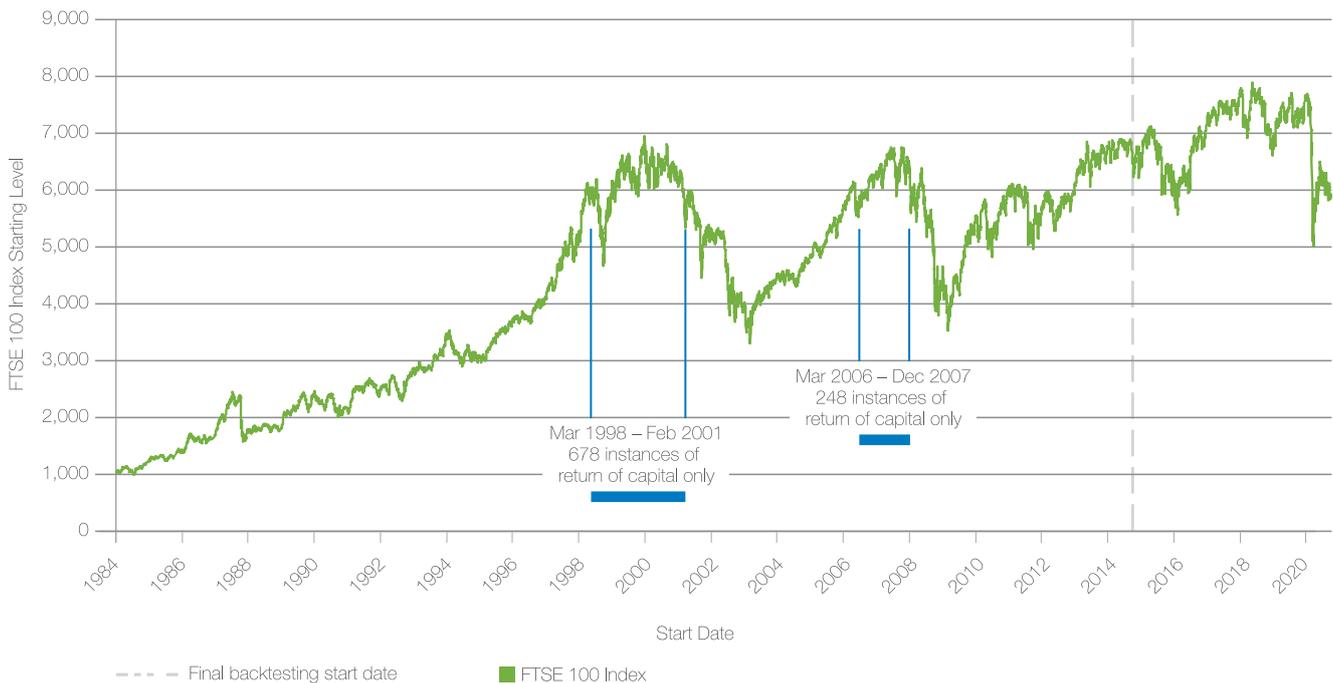
FTSE 100 Kick-Out Deposit Plan

This Plan has a maximum term of 6 years, with the potential for maturity after years 3-6 if the FTSE 100 Index is greater than its starting level. This Plan does not put capital at risk.

The table below shows the number of occasions on which this Plan would have matured at each potential maturity date. Where the Plan would have reached final maturity, the table shows how many times an investor would have experienced a positive return or a return of capital with no additional return.

Scenario	Frequency	Frequency (%)
Early Maturity in Year 3	5878	75.64%
Early Maturity in Year 4	417	5.37%
Early Maturity in Year 5	319	4.11%
Final Maturity - positive return	231	2.97%
Final Maturity - return of capital only	926	11.92%
Total number of tests	7771	

The chart below shows the backtesting start date of any instances where investment in the FTSE 100 Kick-Out Deposit Plan would have resulted in a return of capital only, with no additional return:



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date: 3 January 1984

Final backtesting start date: 30 September 2014

FTSE 100 3 Year Deposit Plan

This Plan has a term of 3 years. At maturity, if the FTSE 100 Index is greater than its starting level, this Plan pays a fixed return. If the FTSE 100 is equal to or below its starting level, this Plan returns capital with no additional return. This Plan does not put capital at risk.

The table below shows the number of occasions on which an investment in this Plan would have resulted in either a positive return, or a return of capital with no additional return.

Scenario	Frequency	Frequency (%)
Final Maturity - positive return	6548	76.76%
Final Maturity - return of capital only	1982	23.24%
Total number of tests	8530	

The chart below shows the backtesting start date of any instances where investment in the FTSE 100 3 Year Deposit Plan would have resulted in a return of capital only, with no additional return:



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date 3 January 1984

Final backtesting start date: 30 September 2017

FTSE 100 6 Year Deposit Plan

This Plan has a term of 6 years. At maturity, if the FTSE 100 Index is greater than its starting level, this Plan pays a fixed return. If the FTSE 100 is equal to or below its starting level, this Plan returns capital with no additional return. This Plan does not put capital at risk.

The table below shows the number of occasions on which an investment in this Plan would have resulted in either a positive return, or a return of capital with no additional return.

Scenario	Frequency	Frequency (%)
Final Maturity - positive return	6192	79.68%
Final Maturity - return of capital only	1579	20.32%
Total number of tests	7771	

The chart below shows the backtesting start date of any instances where investment in the FTSE 100 6 Year Deposit Plan would have resulted in a return of capital only, with no additional return:



Source of FTSE 100 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date: 3 January 1984

Final backtesting start date: 30 September 2014

FTSE4Good 6 Year Deposit Plan

This Plan has a term of 6 years. At maturity, if the FTSE4Good UK 50 Index is greater than its starting level, this Plan pays a fixed return. If the FTSE4Good UK 50 is equal to or below its starting level, this Plan returns capital with no additional return. This Plan does not put capital at risk.

The table below shows the number of occasions on which an investment in this Plan would have resulted in either a positive return, or a return of capital with no additional return.

Scenario	Frequency	Frequency (%)
Final Maturity - positive return	2697	80.53%
Final Maturity - return of capital only	652	19.47%
Total number of tests	3349	

The chart below shows the backtesting start date of any instances where investment in the FTSE4Good 6 Year Deposit Plan would have resulted in a return of capital only, with no additional return:



Source of FTSE4Good UK 50 Index Data: Bloomberg.

Past performance is not a guide to future performance.

For reference

First backtesting start date: 29 June 2001

Final backtesting start date: 30 September 2014

For more information, please visit www.investec.com/structured-products
For help call 020 7197 2440

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