

Scope of FVC Structured Product Research Service

Introduction

The Structured Edge service run by FVC features hundreds of structured products issued every year into the UK IFA distributed structured product market. This service has been operating since 1999 and has featured over 4000 products in that time.

A fixed fee is received by FVC from the plan manager to conduct its analysis on the product and to present a standardised research report to IFAs free of charge. FVC is not obliged to provide research on any product which it does not believe qualifies for the service.

Service Objectives

The service has three main goals as follows:

First, it aims to provide a comprehensive view of the structured product market for UK IFAs. It also serves as a single resource to find information such as product terms, key dates and investment details as well as literature from the product provider. In addition to the basic listing information, each report has a detailed write up, summary bullet points and useful categorisation such as product type, and investment aims.

Secondly, it offers a consistent quantitative analysis of each structured product by examining value for money, return prospects, risk rating, and probabilities of outcomes from both forward looking simulations and historical backtesting. These analyses have been used by IFAs for many years and the methodology and outputs shown were enhanced further in 2017.

Thirdly, the service has integrated tools and support such as a comprehensive filter, the ability to easily generate a product selection record evidencing an IFA's assessment of the market, and guides on the technical aspects of structured products including their benefits, risks and different product types.

Use of the service

Many IFA networks and individual IFA firms use this service as part of their selection and due diligence process of the structured product market for their clients. For example, some firms apply minimum performance criteria or maximum risk levels in order to put a product forward to a panelling process.

We welcome the use of our service to aid the product selection process of an IFA network, firm or individual, however, we strongly recommend that our analysis is used as only one component of each firm's research.

Other factors such as the make-up of the client base of each firm, the experience and expertise of its financial advisers, a firm's qualitative assessments of products and the institutions involved, as well as different investments classes considered by the firm should all be taken into consideration.

