Structured products can be any one of a wide range of investments and can offer income, capital growth, or a combination of both. Structured products are usually open to receive investment for a limited time, typically a couple of months. They usually have a fixed term, often around five years. Some structured products offer full capital protection, but others offer partial or no capital protection. Structured products offer returns based on the performance of underlying investments. Many products are linked by a pre-set formula to a stock market index such as the FTSE 100, a combination of indices, a 'basket' of selected stocks (typically from an index or indices), or another factor or combination of factors. The underlying investments may involve different firms based in various countries.

Structured products offer two broad types of capital protection.
Full – described as ‘100% capital protection’, ‘capital security’ or a ‘capital guarantee’. This aims to return all the original money invested at the end of its term, regardless of any fall in index level or asset price. Remember, though, that the cost of offering this protection will affect the returns you get, and there is still a chance you could lose some or all of your original money.
Partial – often offered by ‘structured capital-at-risk products’ (known as ‘SCARPs’). This aims to return the original money invested at the end of the term unless the index or asset price to which the product is linked has fallen below a predetermined threshold. If this happens then you can quickly lose your original investment.

Some structured products are classified as deposits rather than investments. Structured deposits (often marketed as ‘guaranteed equity bonds’). Your money is treated as if it is in a restricted-access bank account but, unlike a traditional savings account which pays a fixed rate of interest, the interest you receive will depend on the performance of a stock market index or asset. It is important to note that you may not be covered by the Financial Services Compensation Scheme (FSCS) if the firm holding your deposit goes bankrupt.

The following list is not exhaustive and not all risks or features are applicable to each type of product.

- Structured products are often complicated. You should seek professional advice if you are in any doubt about the potential risks and returns involved.
- You could lose some or all of the money you put in to these products, so make sure you understand the risks before investing. Make sure that you read carefully, understand and retain the product documentation.
- Different capital-at-risk products carry a wide range of different risk profiles and the risk of losing capital will in general be higher than for capital-secure products such as cash deposits.
- You may be exposed to a range of outcomes in respect of the return of initial capital invested;
- Before buying, you should check that you understand the way the product is priced, the charges involved, the length of time your money will be tied up and the consequences of cashing in the product early.
- The investment may not be readily realisable.
- Structured products often include derivatives as underlying investments. Derivatives can be subject to volatile price movements, including sudden and large falls in value, and they can become worthless.
- Even if a product offers ‘capital protection’ it can sometimes fail, causing you to lose some or all of your original money.
- Structured products should form only a part of a balanced investment portfolio.
- You should consider spreading your investment between several products which rely on different financial institutions.
- You should always know which financial institution is ultimately responsible for offering any ‘capital protection’, and if it is not clear then you should seek professional advice.
- A product may be designed and marketed by a ‘plan manager’, but the returns and guarantees are generally provided by a third party. If that third party goes bankrupt, or is unable to meet its obligations. You could lose some or all of your money, even if a product is called ‘protected’ or ‘guaranteed’ or offers some form of guarantee. You may not be covered by the FSCS if this happens
- If the return of your original money depends on the performance of a stock market index or asset, then if the level of that index or asset falls during the term of the investment you may

lose some or all of your original money. If this happens, you could lose your original money very quickly.

- The benefits offered (such as capital protection) are usually only available if the product is held for the full term. It may be difficult or expensive to access your money before the end of the investment term.
- Even if a product is linked to the performance of a stock market index, you will not receive any dividend income from the companies which make up that index.
- Many products restrict or cap the level of the return you can receive, so if an index or asset price rises above the level of that cap, you do not receive additional returns.
- The return offered by some products can depend on several measurements of index levels or asset prices during the life of the investment. While this can protect you from short-term falls in an index level or asset value, it may also prevent full exposure to any gains.
- Many products only offer a proportion (for example 50%) of any gains made by the index or asset to which they are linked.
- Even where a product is marketed as '100% capital protected', the real value of the capital can suffer significant erosion by inflation over the term of the investment.
- The tax treatment of structured products depends on their legal structure and on any tax wrapper in which the product is held.
- The amount of initial capital repaid may be geared, which means that a small percentage fall in the related index may result in a larger reduction in the amount paid out to you.
- Any maximum benefit advertised is only available after a set period, and the rate of income or growth advertised may depend on specified conditions being met.
- Redeeming a product early may not be possible, or may result in redemption penalties and a poor return.
- The initial capital invested may be placed into high risk investments, such as non-investment grade bonds.
- You should not enter into the transaction unless you are prepared to lose some or all of the money you invest.
- You should satisfy yourself that the product is suitable and appropriate for you, in the light of your circumstances and financial position, and if you are in any doubt you should seek professional advice.
- Depending on the product, there may be other risks affecting the value, trading price, and realisation of the value of the product.

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- *Past performance is not a reliable indicator of future results.*
- *The value of investments and the income from them can fall as well as rise as a result of market and currency fluctuations. For many types of investment, you may be placing your capital at risk, meaning that you may not get back the amount originally invested and you may risk losing your entire investment.*
- *Some investments and policies may only be suitable as medium or long-term products.*
- *Tax treatments depend on your individual circumstances and may be subject to change in future.*
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