Getting Started with Structured Investments

August 2024

STRUCTURED INVESTMENTS ARE CONSIDERED COMPLEX PRODUCTS AND MAY NOT BE SUITABLE FOR ALL INVESTORS.

What if you could gain market exposure,
but limit your losses if the market goes down?

Or make an investment with the potential
to generate higher coupon payments?

Structured investments can be designed for almost any market outlook or financial objective and can be used to:

Manage investment risk

Earn periodic income payments

Diversify your portfolio

What is a Structured Investment?

A structured investment is a type of investment where returns are linked to the performance of a reference asset, or the underlier, which is typically an index, ETF, or stock.

Index

ETF

Stock

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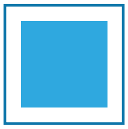
The two most common types of structured investments are:

Market Linked CD

Carries FDIC Insurance[1]

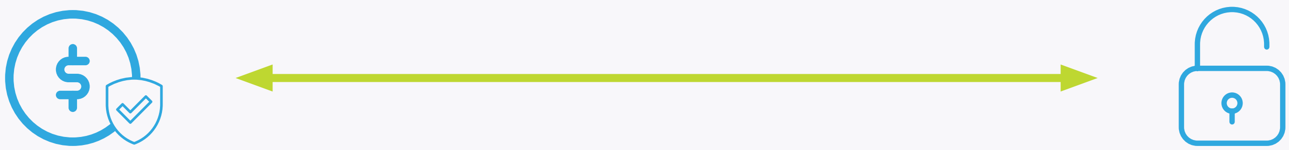
Market Linked Note

Carries Issuer Credit Risk



Depending on the type of structured investment, a level of principal protection can be selected that aligns with an investor's goals and objectives.

Full Principal Protection	Partial Protection[2]	Contingent Protection[3]	No Protection



More Protection — **Less Protection**

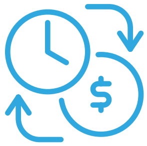
The power of structured investments is in the flexibility of their design, offering solutions across the risk-return spectrum.

Choosing an Investment

Investing in structured investments begins with a review of objectives. Is the investor's primary objective growth or income? What market exposure is sought?

Risk-Managed Growth

Opportunity to grow assets, typically with a single payment at maturity and optional protection features



Enhanced Income

Potential to earn periodic coupons throughout the life of the investment, often while managing downside risk

1. *Market Linked Certificates of Deposit ("CDs") are insured by the Federal Deposit Insurance Corporation, or FDIC, a U.S. Government Agency that provides deposit insurance backed by the full faith and credit of the United States Government up to applicable limits. Market Linked Notes are not FDIC insured.*
2. *Partial Protection: A type of principal protection offered on some structured investments, where the protection that investors receive at maturity does not protect the full principal amount invested.*
3. *Contingent Protection: A type of principal protection offered on some structured investments, where the protection that investors receive at maturity is contingent upon the Underlier being at or above a specified level at maturity.*

With an objective in mind, an investment is based on four basic parameters:

Payment Type

Single payment at maturity or periodic coupons

Protection

100% principal protection or principal-at-risk in exchange for higher potential returns

Term

Fixed term, typically 2–5 years, or callable, with the possibility of early redemption

Underlier

Reference asset to which the investment returns are linked

Structured investments are buy-and-hold products and investors must be willing to hold their investment until maturity. Investors should always read and understand the offering document before investing – in it they will find clearly defined terms, fees, and risks, including issuer credit risk, any limits on upside participation, potential for loss, and limited liquidity.

How They Work

Let's walk through two hypothetical examples:

INVESTOR A:

- Seeking the growth potential of equities
- Concerned about downside risk
- Willing to make a 5-year investment

OBJECTIVE:

☑ Growth ☐ Income

INVESTOR B:

- Seeking periodic income with higher yields
- Comfortable with equity risk
- Willing to make a 2-year investment

OBJECTIVE:

☐ Growth ☑ Income

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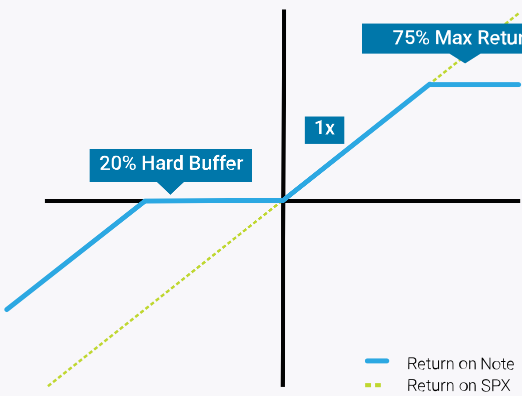
MARKET LINKED GROWTH NOTE

UNDERLIER	S&P 500 (SPX)
PAYMENT	1x (Up to 75%)
PROTECTION	20% hard buffer
TERM	Fixed: 5 years



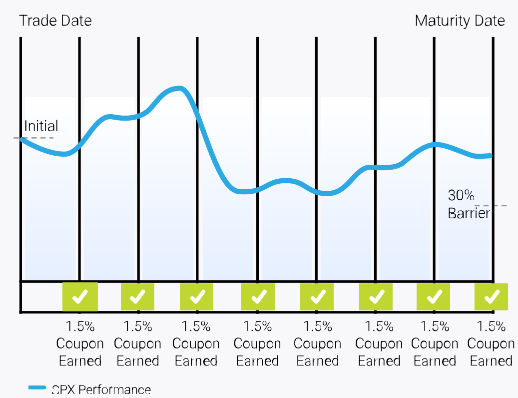
The example above illustrates a market linked growth note with upside participation, which means that at maturity investors would participate in the gains in the underlier. It offers 1x upside participation, up to a max return of 75%. At maturity, investors would receive a return that is one-to-one with the gains of the SPX on a price return basis, but not to exceed 75%. In other words, investor gains will be limited to the 75% max return.

The note also has a hard buffer to protect principal against a downturn in the underlier. The hard buffer would absorb the first 20% of losses in the SPX and after that, losses would be 1% for every 1% that the SPX has declined below 80% of its initial level.

Benefits: Equity upside potential with partial protection

MARKET LINKED INCOME NOTE

UNDERLIER	S&P 500 (SPX)
PAYMENT	Fixed coupon 6% p.a (quarterly)
PROTECTION	30% barrier
TERM	Fixed: 2 years



The example above illustrates a market linked income note with a fixed coupon, which means that the coupon payments would be made each period, regardless of the performance of the underlier. It would pay a quarterly fixed coupon of 6% p.a., no matter the performance of the SPX.

This note also has a barrier to protect principal against a downturn in the underlier. At maturity, the barrier would absorb the first 30% of losses in the SPX and after that, the protection would disappear, and losses would be one-to-one from the underlier's initial level.

Benefits: Higher coupons than two-year bond alternatives, although subject to downside risk

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Why Now?

Structured investments can help address specific portfolio needs for a more tailored portfolio approach and are:

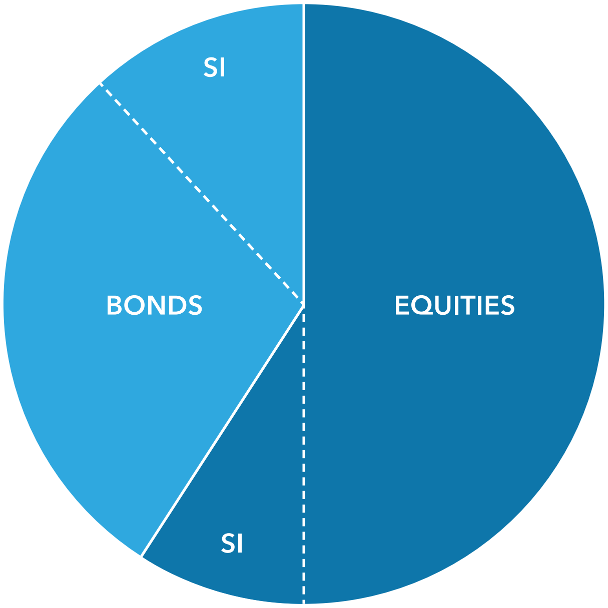
Strategic: They can provide strategies to manage today's investing challenges, such as ongoing market volatility.

Flexible: Some offer full or partial principal protection at maturity, while others offer greater upside, but come with greater risk.

Diverse: They can be a core portfolio component as an alternative or complement to equity or fixed income holdings, for example.

Advancements in innovative technology and analytical tools have increased education and transparency. This has provided a clearer understanding of how these investments can be used within a diversified portfolio and created a stronger structured investment market than ever before.

**Portfolio use:
where structured investments (SI) fit in**



Key Risks

Key risk considerations may include, but are not limited to, the following:

- **Contingent Upside:** Return and/or income payments are dependent on the performance of the underlier and not guaranteed, and may be either levered or limited depending on the terms of the structured investment.
- **Downside Exposure:** Structured investments can offer full, partial, or no protection of principal. Depending on the terms of the structured investment, an investor may have downside exposure.
- **Fees:** Fees and costs are usually embedded in the price of the structured investment. The price an investor may receive if sold before maturity may be negatively impacted by the embedded fees and costs.
- **Liquidity Risk:** Structured investments are buy-and-hold investments, which means that investors must hold the note until maturity in order to receive the specified investment return and protection. While issuing firms or dealers may be willing to buy back a structured investment before maturity, they may do so at a discount to statement value and are under no legal obligation to provide liquidity.
- **Credit Risk:** Similar to corporate bonds, structured investment holders are exposed to the credit risk of the issuer and must be comfortable with the issuer's creditworthiness throughout the life of the trade.
- **Underlier Risk:** Investors should understand the unique set of risks of the structured investment underlier.

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