

What are Structured Products?



DEFINING STRUCTURED PRODUCTS

Structured products are financial instruments that enable investors to pursue a specific objective or express a market view. They combine a debt security, such as a bond or a certificate of deposit, with one or more derivative instruments linked to an underlying asset class or reference asset, such as equities, commodities, currencies, or interest rates. Structured products are primarily used to reduce risk or increase income or returns in a portfolio.

THE PRIMARY CATEGORIES FOR STRUCTURED PRODUCTS



PROTECTION

Gives investors the opportunity to participate in the performance of the reference asset while protecting invested capital from a market decline.



YIELD ENHANCEMENT

Allows investors to benefit from rangebound markets by combining conditional downside protection with partial upside participation via a fixed coupon that typically yields more than current interest rates.



PARTICIPATION

Provides access to the returns of a sector, asset class, or investment strategy that may be difficult to gain exposure to, or that is deemed too volatile to include in the portfolio as a direct investment.



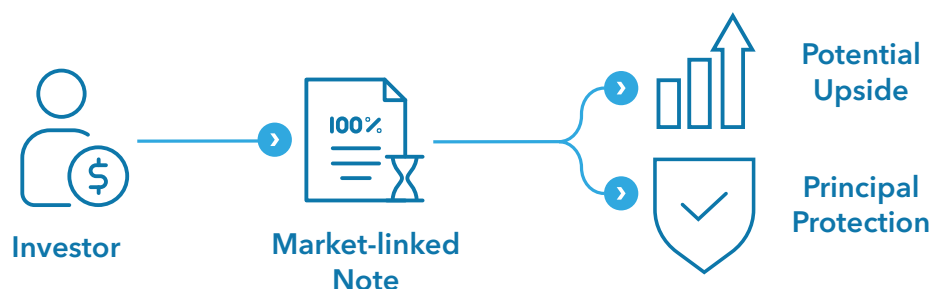
LEVERAGED PARTICIPATION

Amplifies an investor's participation in the potential price appreciation of a reference asset without incurring the potential downside impact of leverage.

HYPOTHETICAL STRUCTURED PRODUCT TRADE



An investor who has a financial obligation in the near to intermediate term could invest in a market-linked note with equity exposure that returns 100% of the principal at maturity, plus the potential to participate in additional equity upside over the term of the note.





BENEFITS

- Improve the risk-return profile of a portfolio
- Express a view on an underlying asset without being fully exposed to its price fluctuation
- Reduce risk by incorporating varying degrees of downside protection for a specified period
- Provide exposure to the returns of a sector, asset class, or strategy that may be difficult for investors to achieve on their own



KEY RISK CONSIDERATIONS

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

- **Credit risk:** All structured products are exposed to the credit risk of the issuer, usually a major bank.
- **Loss of principal:** Most structured products carry the risk of loss of principal. Only market-linked notes and deposits guarantee payment of principal at maturity, subject to issuer credit risk.
- **Maturity risk:** The value of the reference assets can change before maturity.
- **Liquidity risk:** Typically, there is a limited secondary market for structured products, and the issuer is not obligated to repurchase the position.

Please contact your financial professional or wealth management platform to learn more.



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