KEY RISK & BENEFITS

What is a structured note?

Structured notes are financial products designed to provide exposure to an underlying asset or asset class while meeting certain risk and reward objectives.

Principal protection or principal at risk?

Structured notes can vary from 100% principal protection (PPN) to partial principal protection to full principal at risk (PAR Notes).

What are some underlying assets?

- Equity Indices
- ETFs
- Commodities or Commodity Indices
- Single Stock or Basket of Stocks
- Fixed Income/Credit
- Interest Rates
- Currencies

What are the main benefits?

CAPITAL PROTECTION: notes can be structured to return all or part of your principal investment if held to maturity and can be tailored to provide a pre-determined level of downside protection.

ENHANCED GROWTH: notes can be structured to increase the return potential and exposure to an underlying investment.

INCREASED CASH FLOW: Notes can be structured to pay fixed or variable cash flows to meet client income needs.

ACCESSIBILITY: Notes can be structured to gain exposure to multiple markets and combined asset classes using one single product.

What are the key risks and considerations?

CREDIT RISK: the risk that the issuer of the note will fail to meet its obligations to repay the principal at maturity.

PRINCIPAL RISK: the risk that if the note is sold prior to maturity, the investor may receive less than the original principal invested.

LIQUIDITY RISK: the risk that there may not be an active secondary market, although most issuers will provide daily liquidity.

TERM RISK: notes may be called at the option of the issuer leaving the investor to reinvest in a lower rate environment.

PRICING: the market value (or NAV) of a note may not reflect the percentage change in the underlying reference asset. Factors affecting the market value aside from the underlying asset may include time- value, volatility, fluctuation in interest rates, and other factors.

SUITABILITY: structured notes are not suitable for investors who do not understand the associated market, tax treatment, liquidity and other related risk.

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