Understanding Market-Linked Note

Statement Values

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The pricing on Market-Linked Notes, which include Principal Protected Notes, is different from that of traditional investments on your brokerage statement. The value reported will fluctuate and may be less than the initial amount invested, so it is important to understand how the value will be reported on your statement at various times during which you hold the investment.

What Causes My Statement Value to Fluctuate?

Market-Linked Notes are intended to be held until maturity. Prior to the investment's maturity, the value reported on your statement will reflect an estimate of the current market value of the Market-Linked Note, less fees. It does not reflect either the principal or the potential interest you would receive if you held the Market-Linked Note to maturity. Factors impacting your statement value include, but are not limited to:

- **Credit Rating of the Issuer** – Any adverse changes to the credit rating of the issuer could negatively impact the value of your Market-Linked Note.
- **Fees** – This could include all costs associated with administration and distribution of the product as well as Advisor commissions.
- **Interest Rates** – Your statement value may also reflect moves in interest rates. For example, the value could increase if interest rates go down or decrease if interest rates go up.
- **Underlying Asset Performance** – The Market-Linked Note pays a return based upon on the performance of an underlying asset as detailed in your offering documents. There is no guarantee of return above principal.
- **Time to Maturity** – The longer the time to maturity, the more sensitive the value of your Market-Linked Note is to factors such as performance, interest rates, issuer credit rating and volatility.
- **Volatility** – Since Market-Linked Notes are linked to the performance of an underlying asset, to the extent that market volatility increases, your statement value may be adversely impacted.

Understanding Statements for Market-Linked Notes

The value reflected on your statement will fluctuate and can be affected by various factors. Please refer to your offering documents for the specific instrument you own. The examples below highlight how the statement value of Market-Linked Notes (MLNs) and Principal Protected Notes (PPNs) may look at various points in the investing life cycle.[1]

INITIAL STATEMENT

Holding	Initial Investment	Minimum Value at Maturity	Current Value
CORPORATE BOND ISSUER	$100,000		**$95,000**
PPN WITH INTEREST AT MATURITY		$100,000	
OR		*OR*	
MLN WITH INTEREST AT MATURITY		Refer to Offering Document	
LINKED TO: EQUITY INDEX			
ISSUE DATE: LAST MONTH			
MATURITY: IN 5 YEARS			

Why is the value of my note less than what I invested?

Estimated Value and Costs: You may see the value reported on your initial statement as being lower than the amount invested due to incurred fees such as Advisor commissions and issuing and distribution fees.

Time to Maturity: Generally, the longer the time to maturity, the bigger the impact of the price swing in either direction. As a Market-Linked Note gets closer to its maturity date, there is less fluctuation in its pricing.

It is important to understand that the values reflected on your statement throughout the life of the Market-Linked Note are not necessarily what you will receive if held to maturity. Instead, the value is intended to be an estimate of the current market value and what you might expect to receive if the Market-Linked Note is sold at the time the statement price is reported. Also, there may not be a liquid secondary market for the Market-Linked Note, and the value of the investment may be worth less than the principal amount if sold prior to maturity. Market-Linked Notes are buy-and-hold products and intended to be held until maturity.

1 These hypothetical illustrations are for informational and educational purposes only.

INTERIM STATEMENT – UNDERLYING ASSET VALUE DOWN

Holding	Initial Investment	Minimum Value at Maturity	Current Value
CORPORATE BOND ISSUER	$100,000		**$89,000**
PPN WITH INTEREST AT MATURITY		$100,000	
OR		*OR*	
MLN WITH INTEREST AT MATURITY		Refer to Offering Document	
LINKED TO: EQUITY INDEX			
ISSUE DATE: 2.5 YEARS AGO			
MATURITY: IN 2.5 YEARS			

INTERIM STATEMENT – UNDERLYING ASSET VALUE UP

Holding	Initial Investment	Minimum Value at Maturity	Current Value
CORPORATE BOND ISSUER	$100,000		**$127,000**
PPN WITH INTEREST AT MATURITY		$100,000	
OR		*OR*	
MLN WITH INTEREST AT MATURITY		Refer to Offering Document	
LINKED TO: EQUITY INDEX			
ISSUE DATE: 2.5 YEARS AGO			
MATURITY: IN 2.5 YEARS			

What Does This Mean for My Return at Maturity?

Both Principal Protected and Market-Linked Notes are intended to be held until maturity, and your returns at maturity are dependent upon the type of note you invested in and the terms outlined in the specific offering documents. While the statement value reflects an estimate of the current market value of the notes, it does not affect your return at maturity and should not be considered an exact evaluation of what you will receive at maturity. If the underlying asset has a negative return at maturity, the Principal Protected Note will return the full principal amount, subject to the credit risk of the issuer. With Market-Linked Notes, some of your principal may be protected against losses at maturity, but some or all of your principal could be at risk, depending on the terms of the offering or if the issuer defaults on its payment obligations.

What you should know before investing in Market-Linked Notes, including Principal Protected Notes...

CALL RISK

Some MLNs are callable or redeemable, solely at the option of the issuer. The issuer is not obligated to redeem a callable note, and will typically call a MLN when it is most advantageous for them to do so. If the MLN is called, it is possible that you may be unable to reinvest in a MLN with similar or better terms.

CREDIT RISK

A MLN represents a senior unsecured debt that is subject to the credit risk of the issuer. If the issuer goes into default, any return of principal, interest and gains generated could be at risk of loss.

FEES

MLNs are subject to fees and costs, including commission paid to your Advisor, structuring and development costs, and offering expenses. There are also trading costs, including costs to hedge the product. Any sales prior to maturity will be reduced by all associated fees and costs, which are detailed in the offering documents.

LIQUIDITY RISK

MLNs are intended to be held until maturity and there is no formal secondary market for the product, which makes early redemptions difficult and subject to a variety of market-related factors. If you are able to redeem MLNs prior to maturity, the redemption proceeds may be less than the amount you invested due to fluctuations in the underlying assets and other market-related factors.

MARKET RISK

MLNs are linked to the performance of specified underlying assets. The return on MLNs can be adversely impacted if the underlying assets perform poorly. Depending on the terms of the relevant MLN (outlined in the offering documents), poor performance of the underlying asset at maturity could result in no return above the principal amount or an amount less than the principal value invested.

PERFORMANCE RISK

The MLN pays a return based upon the performance of an underlying asset as outlined in the offering documents. These terms could include interim caps, averaging and rates of participation in the underlying asset. MLNs do not pay dividends. If dividends are declared on the underlying asset, they will be excluded when calculating the performance of the MLN. There are a variety of factors that may influence the performance of the underlying asset such as volatility, interest rate moves, and time to maturity. Additionally, potential fees charged on the underlying asset may reduce or eliminate any positive return in that underlying asset, thereby reducing the return on the MLN.

TAX IMPLICATIONS

The tax treatment of MLNs varies depending on the structure, and in some cases is uncertain. PPNs may be treated as a "contingent debt instrument" for federal income tax purposes if they are held in a non-qualified account. While a PPN may not pay interest until maturity, if at all, you may be required to include your charged interest amount each year as income for federal income tax purposes. For specific terms, please refer to the offering documents or consult a tax professional.

VOLATILITY

Volatility refers to the amount of uncertainty or risk in a security's value, and the size of changes in that value. Higher volatility indicates that the price of the security has the potential to change dramatically over a short period of time, in either direction. Volatility, the degree of positive and negative swings in the index, may increase or decrease. Uncertainty in the market can have a negative effect on statement values.

If you have any questions regarding the value of the Market-Linked Note on your statement, **speak with your Financial Advisor** and review the relevant offering documents.

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