

Understanding Market-Linked Note
Statement Values



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.
- **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.
- **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	
<i>OR</i>		<i>OR</i>	
MLN WITH INTEREST AT MATURITY		Refer to Offering Document	
LINKED TO: EQUITY INDEX			
ISSUE DATE: LAST MONTH			
MATURITY: IN 7 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 more certainty 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	
<i>OR</i>		<i>OR</i>	
MLN WITH INTEREST AT MATURITY		Refer to Offering Document	
LINKED TO: EQUITY INDEX			
ISSUE DATE: 3.5 YEARS AGO			
MATURITY: IN 3.5 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	
<i>OR</i>		<i>OR</i>	
MLN WITH INTEREST AT MATURITY		Refer to Offering Document	
LINKED TO: EQUITY INDEX			
ISSUE DATE: 3.5 YEARS AGO			
MATURITY: IN 3.5 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. Principal Protected Notes will return the full principal amount at maturity, regardless of the performance of the underlying reference asset or “underlyer,” 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 (MLNs), including Principal Protected Notes (PPNs)...

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 the issuer to do so. If the MLN is called, it is possible that the investor may be unable to reinvest in a MLN with similar or better terms.

CREDIT RISK

Any adverse changes to the credit rating of the issuer could negatively impact the value of your MLN.

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 the cost of all the associated fees and costs. Please refer to the offering documents for the full list of fees.

LIQUIDITY RISK

MLNs are intended to be held until maturity and there is no formal secondary market for the product. This makes early redemptions difficult and subject to a variety of market-related factors. In the event that investors are able to redeem MLNs prior to maturity, the redemption proceeds may be less than the amount they 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), market risk could result in no return above the principal amount. In the case of some MLNs, depending on the performance of underlying assets, the payment you receive at maturity may be less than the principal amount 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. The performance in the underlying assets will affect the statement value, although it is not the only factor. Some MLNs are not structured to repay your full principal amount on the stated maturity date. For these MLNs, depending on the performance of the market measure, the payment you receive at maturity may be less than the original offering price of the MLNs.

TAX IMPLICATIONS

The tax treatment of MLNs is complicated, 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 or concerns 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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