

[Statement Values]

Understanding Market-Linked Certificates of Deposit Statement Values

For investor use



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Understanding Statement Values

MLCD pricing 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 of a MLCD will be reported on your statement at various times during which you hold the investment.

MLCDs 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. Prior to the investment's maturity, the value reported on your statement will reflect an estimate of the current market value of the MLCD, less fees. It does not reflect either the principal or the potential interest you would receive if you held the MLCD to maturity.

Factors Impacting Your Statement Value

Credit Rating of the Issuer – Any adverse changes to the credit rating of the issuer could negatively impact the value of your MLCD.

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 MLCD 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 MLCD is to factors such as performance, interest rates, issuer credit rating and volatility.

Volatility – Since MLCDs are linked to the performance of an underlying asset, to the extent that market volatility increases, your statement value may be adversely impacted.

Understanding Statement Values*

INITIAL STATEMENT

Holding	Initial Deposit	Minimum Value at Maturity	Current Value
BANK ISSUER MLCD WITH INTEREST AT MATURITY LINKED TO EQUITY INDEX ISSUE DATE: LAST MONTH MATURITY: IN 7 YEARS	\$100,000	\$100,000	\$95,000

Why is the value of my investment less than what I deposited?

Estimated Value and Costs: Investors may see the value reported on their 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: In this example, the MLCD is seven years from maturity. Generally, the longer the MLCD's maturity, the bigger the impact of the price swing will be in either direction. As a MLCD gets closer to its maturity date, there is more certainty in its pricing.

* This hypothetical illustration is for informational and educational purposes only. The value reflected on your statement will fluctuate and can be affected by various factors. Please refer to the offering documents for the specific instrument you own.

Understanding Statement Values *

INTERIM STATEMENT – UNDERLYING ASSET VALUE DOWN

Holding	Initial Deposit	Minimum Value at Maturity	Current Value
BANK ISSUER MLCD WITH INTEREST AT MATURITY LINKED TO EQUITY INDEX ISSUE DATE: 3.5 YEARS AGO MATURITY: IN 3.5 YEARS	\$100,000	\$100,000	\$89,000

INTERIM STATEMENT – UNDERLYING ASSET VALUE UP

Holding	Initial Deposit	Minimum Value at Maturity	Current Value
BANK ISSUER MLCD WITH INTEREST AT MATURITY LINKED TO EQUITY INDEX ISSUE DATE: 3.5 YEARS AGO MATURITY: IN 3.5 YEARS	\$100,000	\$100,000	\$127,000

* This hypothetical illustration is for informational and educational purposes only. The value reflected on your statement will fluctuate and can be affected by various factors. Please refer to the offering documents for the specific instrument you own.

What you should know before investing in MLCDs...

CALL RISK

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

CREDIT RISK

Any investment above the FDIC allowable limit is subject to the credit risk of the issuer, as are any market-linked returns.

FDIC INSURANCE

MLCDs are FDIC-insured in the event of issuer insolvency, up to the applicable limits of \$250,000 per account ownership category and for each account owner and each of their beneficiaries. Any investment that exceeds the FDIC limit is subject to the credit risk of the issuer. If the issuer has guaranteed the return of principal, the FDIC will cover both the principal and any accrued interest, up to the applicable insurance limit. However, if interest is only credited at maturity and the issuer were to become insolvent prior to the maturity of the CD, no interest would be insured. Incapital only partners with bank issuers of MLCDs that are insured with the FDIC. While there is no maximum limit on the amount that you can invest in MLCDs, FDIC insurance only covers MLCDs up to the maximum insurance limits.

FEES

MLCDs 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. MLCDs, when held to maturity, will return the initial principal, subject to the credit risk of the issuer, regardless of fees.

LIQUIDITY RISK

MLCDs 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. In the event that clients are able to redeem MLCDs 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. FDIC insurance does not protect against losses if the MLCDs are sold or redeemed prior to maturity.

MARKET RISK

MLCDs are linked to the performance of specified underlying assets. The return on MLCDs can be adversely impacted if the underlying assets perform poorly. Depending on the terms of the relevant MLCD (outlined in the offering document), market risk could result in no return above the principal amount.

PERFORMANCE RISK

The MLCD pays a return based upon the performance of an underlying asset as outlined in the offering document. These terms could include interim caps, averaging and rates of participation in the underlying asset. MLCDs do not pay dividends. If dividends are declared on the underlying asset, they will be excluded when calculating the performance of the MLCD.

TAX IMPLICATIONS

MLCDs may be treated as a “contingent debt instrument” for federal income tax purposes if they are held in a non-qualified account. While a MLCD 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.

Disclosure

Incapital LLC and its affiliates explicitly disclaim any responsibility for product suitability or suitability determinations related to individual investors. This information should not be regarded by recipients as a substitute for the exercise of their own independent judgment and the information provided herein is not an offer, solicitation or a recommendation to buy, sell or hold any security or investment strategy. There can be no assurance that the investments shown herein were or will be profitable and this material does not take into account any investor's particular investment objectives, financial situation, particular needs, strategies, tax status or time horizon.

The investment products discussed herein are considered complex investment products. Such products contain unique features, risks, terms, conditions, fees, charges and expenses specific to each product. The overall performance of the product is dependent upon the performance of an underlying or linked derivative financial instrument, formula, or strategy. Return of principal is not guaranteed and is subject to credit risk of the issuer. Investments in complex products are subject to the risks of the underlying asset classes to which the product may be linked, which includes, but is not limited to, market risk, liquidity risk, call risk, income risk as well as other risks associated with foreign, developing or emerging markets, such as currency, political, and economic risks. Depending upon the particular complex product, participation in any underlying or linked product is subject to certain caps and restrictions. Any investment product with leverage associated may work for or against the investor. Market-Linked Certificates of Deposit ("MLCDs") are subject to credit risk of the issuer above FDIC insurance limits. Investors that sell complex products or MLCDs prior to maturity are subject to the risk of loss of principal, as there may not be an active secondary market. You should not purchase a complex investment product until you have read the specific offering documentation and understand the specific investment terms, features, risks, fees, charges and expenses of such investment.

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STATEMENT-PRES-0217