Principal Protected Market-Linked Notes

Solutions to Help You Manage the What Ifs of Investing
Managing your portfolio doesn’t always mean you need to take on more risk to achieve potential growth or greater income. And you don’t have to leave yourself unprotected in market downturns. Learn how you can protect your principal and invest with confidence.¹

¹ Any return of principal, interest and gains generated is subject to the credit risk of the issuer and terms of the offering documents, which could include participation rates, interim caps and various risks. There is no guarantee of return above principal. Any applicable downside protection will be realized only at maturity.
What if…
Various sectors of the market tumble and your portfolio value falls with it, possibly significantly? Are you reluctant to put your portfolio at higher risk to potentially make up for those losses?

Percentage Gains Needed to Offset Losses

If your investments lose 50% of their value, your portfolio would have to increase by 100% just to recoup those losses.

You shouldn’t have to take on more risk at a time when you should be taking on less. Principal Protected Notes, considered complex investments, protect 100% of your principal against losses when held to maturity.¹

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What if...
You don’t know which way the markets are heading, and you’re concerned about getting in or out at the wrong time?

Opportunities for Growth and Protection in Uncertain Times

Source: Bloomberg. Data represents the price of the S&P 500® Index on the last trading day of the quarter for the time period December 2002 to December 2019. The U.S. stock market is represented by the Standard and Poor’s 500®, which is an unmanaged group of securities considered to be representative of the U.S. stock market in general. Past performance is no guarantee of future results. This chart is for illustrative purposes only. An investment cannot be made directly in an index.

Protect your principal from uncertainty so you can stay invested.¹
With Principal Protected Notes you can either lock in gains or invest new money with protection from future losses, while positioning your portfolio to take advantage of any potential growth opportunities.¹

¹ Subject to the terms of the offering document which could include participation rates, interim caps and various risks. Any applicable downside protection will be realized only at maturity. Return at maturity could be less than the original amount invested, and subject to the credit risk of the issuer.
What if...
Traditional interest rate sensitive investments are generating near historically-low yields and you’re worried about meeting your financial goals?

Interest Rates Near Historic Lows

Source: Bloomberg. Past performance is no guarantee of future results. This chart is for illustrative purposes only.

This chart illustrates the historical yield of 2-year, 5-year and 10-year Treasury Bonds on the last trading day of the quarter from December 1989 to December 2019. Treasury Bonds offer a fixed rate of return if held to maturity and are backed by the full faith and credit of the United States Government. The value of the securities will fluctuate based on various factors, and if redeemed before maturity, may be worth less than the original investment. Investing in Treasury Bonds carry risks, which include, but are not limited to, interest rate risk, price risk and inflation risk. The longer duration of a bond, the more sensitive its price is to changes in interest rates. There is no assurance that investing in any asset class will provide positive performance over time. Different environments, economic periods and market conditions will produce different results.

The performance of a particular Principal Protected Note is dependent upon the performance of the associated underlying asset (underlier), as defined in the offering documents. If the underlier has a negative return at maturity, the Principal Protected Note will return only the principal amount, subject to the credit risk of the issuer. Please review all of the risks associated with a Principal Protected Note at the end of this brochure.

You don’t have to settle for low yield in exchange for low risk.
With Principal Protected Notes, you have the opportunity to capture income linked to the performance of financial markets.¹

Principal Protected Notes may be appropriate² for:

- Retirement Planning
- Education Savings
- IRAs
- Custodial Accounts
- Businesses
- Non-Profit Organizations
- Growth-Focused Investing
- Income-Focused Investing

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² Must consider account liquidity needs, as Principal Protected Notes may not pay out income or be redeemed until maturity date.
Are Principal Protected Notes Right for You?

Principal Protected Notes are designed for investors who are mindful of risk and want full principal protection on their investments so they can have the confidence to participate in the markets and capture any potential upside opportunities.¹

Financial institutions issue Principal Protected Notes in fixed time periods that generally range up to 10 years. Returns are linked to the performance of one or more underlying assets (underliers), such as a basket of stocks or indices that provide exposure to equity markets, multiple asset classes or popular themes. For most types of Principal Protected Notes, if the underlier’s return at maturity is below zero, you should expect to receive no return above your principal amount. Any return of principal, interest and gains generated is subject to the credit risk of the issuer. If the issuer defaults on its payment obligations, your principal may be at risk.

If you’re seeking growth...
Some Principal Protected Notes provide the potential for capital appreciation at maturity based on a participation rate, which is the degree to which you can participate in the potential growth of the underlier. A participation rate can be in excess of 100% (1.0x). If you desire a higher participation rate, you must be willing to accept a longer maturity. There also may be a cap on the Principal Protected Note’s maximum return regardless of the actual return of the underlier.

If you’re seeking income...
Some Principal Protected Notes provide coupon payments based on whether the underlier meets certain performance thresholds at predetermined times throughout the life of the investment.

It’s important to note:

- Dividends paid on the underlier are not passed through to the Principal Protected Note.
- Principal Protected Notes are designed as buy and hold investments and there may not be a liquid secondary market. The value of the investment may be worth less than the principal amount if sold prior to maturity.
- To understand the specific terms that may impact the performance of a particular Principal Protected Note, you should review the relevant offering documents.

Principal Protected Notes may help you:

- Protect your hard-earned gains against losses¹
- Increase the potential for capital growth and/or income¹
- Complement your traditional investments
- Enhance your portfolio’s diversification and better manage its risk/reward profile
- Feel more financially prepared to meet your investment goals
- Tackle the What ifs of investing!

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What you should know before investing in Principal Protected Notes...

CALL RISK
Some Principal Protected Notes (PPNs) 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 PPN when it is most advantageous for them to do so. If the PPN is called, it is possible that you may be unable to reinvest in a PPN with similar or better terms.

CREDIT RISK
A PPN 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
PPNs are subject to fees and costs, including commission paid to your Financial Professional, 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
PPNs 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 PPNs 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
PPNs are linked to the performance of specified underlying assets. The return on PPNs can be adversely impacted if the underlying assets perform poorly. At maturity, poor performance of the underlying asset could result in no return above the principal amount.

PERFORMANCE RISK
The PPN 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. PPNs do not pay dividends. If dividends are declared on the underlying asset, they will be excluded when calculating the performance of the PPN. 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 PPN.

TAX IMPLICATIONS
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.

Speak with your Financial Professional about the risks and suitability of Principal Protected Notes in your portfolio.
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 the 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 include, but are 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. Principal Protected Notes are subject to the credit risk of the issuer. Investors who sell complex products or Principal Protected Notes 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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