



# Principal Protected Autocallable Growth Strategies

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What if... you could invest for growth, potentially earn an accelerated return, and protect against losses?

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Market-Linked Products are considered complex investments and may not be suitable for all investors, so it's important to review relevant offering documents.



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Autocallable growth strategies within a Market-Linked CD (MLCD) or a Principal Protected Note (PPN), considered complex investments, may help you achieve your financial goals if you are:

- Seeking modest growth on assets you are willing to hold for a fixed time period
- Interested in potentially receiving a predetermined return, or premium, if the investment is “autocalled” or therefore redeemed early<sup>1</sup>
- Looking to protect your initial investment<sup>1,2</sup>

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<sup>1</sup> 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.

<sup>2</sup> In the case of Market-Linked CDs, the Federal Deposit Insurance Corporation (FDIC) insures principal amounts up to applicable limits in the event the issuer becomes insolvent.



# What does Autocallable mean?

You may be familiar with a “callable” bond, which is a bond that the issuing company can — at its discretion — buy back from you and dissolve anytime prior to the maturity date. If the bond is “called” you will receive your initial investment back and potentially an additional amount, known as a call premium.

Like callable bonds, Autocallable Market-Linked Products (which include Market-Linked CDs and Principal Protected Notes) have the potential to be called prior to maturity. If called, you will receive your full principal back in addition to a call premium.<sup>1,2</sup> However, unlike callable bonds, they are not called at the discretion of the issuing company, but rather called automatically if certain predefined performance criteria are met at specified times.

## Terms to know



### Underlier

Autocallable Market-Linked Products are linked to the performance of one or more underlying assets (underliers). Common underliers for these types of Market-Linked Products are indices that provide asset class diversification or exposure to popular themes.



### Observation Date

An autocall event would occur only if certain performance criteria is observed and met on specified dates, known as observation dates.



### Point-to-Point Return

A point-to-point return calculates performance based on the value of the underlier at two points in time: the beginning, or initial value, and the end, or maturity.



### No Call Period

The no call period is a specified amount of time following the start date of the investment in which the investment is ineligible to be autocalled.



### Autocall Level

An autocall level is the predetermined percentage of the underlier’s initial level (greater than 100%). Autocall levels generally “step-up” or increase with each subsequent observation date.



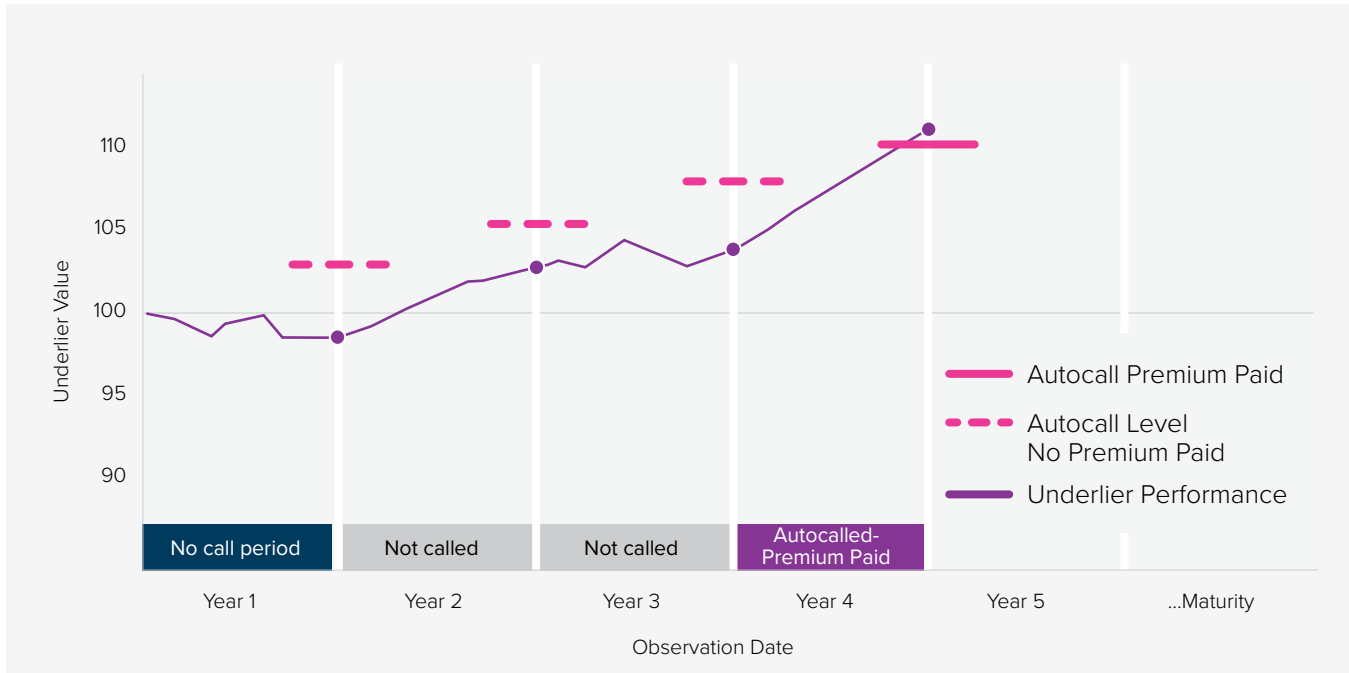
### Autocall Premium

An autocall premium is the predetermined positive return you will receive in addition to your full principal if the investment is autocalled and therefore redeemed.<sup>1</sup> Autocall premiums generally “step-up” or increase with each subsequent observation date.

<sup>1</sup> 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.

<sup>2</sup> In the case of Market-Linked CDs, the Federal Deposit Insurance Corporation (FDIC) insures principal amounts up to applicable limits in the event the issuer becomes insolvent.

# How does it work?



The chart above is a hypothetical example for illustrative purposes only.

At each observation date, one of these scenarios will occur:

## The investment IS NOT autocalled

If the value of the underlier is below the predetermined autocall level, the investment will not be autocalled. The investment will continue until the next observation date (as outlined in the offering documents), at which point the underlier will be measured against the designated autocall level. If the autocall level is not achieved you should be prepared to hold a Market-Linked Autocallable Note to maturity which is considered an observation date for the purposes of determining whether or not a premium is paid out.

## The investment IS autocalled

If the value of the underlier is at or above the predetermined autocall level, as set out in the offering documents, the investment will be autocalled. You will receive your full principal back in addition to the designated autocall premium.<sup>1,2</sup> If the investment is autocalled, you may not be able to reinvest in a note with a similar or better value.

<sup>1</sup> 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.

<sup>2</sup> In the case of Market-Linked CDs, the Federal Deposit Insurance Corporation (FDIC) insures principal amounts up to applicable limits in the event the issuer becomes insolvent.

# What happens at maturity?

If the predefined performance criteria is not met and therefore an “autocall” does not occur, you should be prepared to hold a Market-Linked Autocallable growth note, or CD to maturity. Market-Linked Autocallables could have different outcomes depending on the terms of the offering documents. At maturity, you can expect one of the following outcomes to occur:

Underlier Point-to-Point Return	Investment Return	
50%	50%	<b>1. You receive a positive return</b> If the underlier is above its initial level, you will receive your full principal plus the same point-to-point return as the underlier. <sup>1</sup> Depending on the terms in the offering documents, there may or may not be a cap on the maximum return.
40%	40%	
30%	30%	
20%	20%	
10%	10%	
0%	0%	<b>2. You receive your full principal</b> If the underlier is at or below its initial level, the return on your investment will be zero and you will receive back all of your initial investment. <sup>1,2</sup>
-10%	0%	
-20%	0%	
-30%	0%	
-40%	0%	
-50%	0%	

The chart above is a hypothetical example for illustrative purposes only.

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<sup>2</sup> In the case of Market-Linked CDs, the Federal Deposit Insurance Corporation (FDIC) insures principal amounts up to applicable limits in the event the issuer becomes insolvent.

# Understanding different types of Autocalls

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Regardless of the payout structure, if a Note or CD is called, the full principal is returned in addition to a call premium. There are different ways this call premium can be paid out.



## Payouts

**Step-Ups:** If the underlier does not reach the predetermined autocall threshold (call level) on a specified observation date, the call level and the corresponding call premium will “step-up” or increase with each observation date until maturity.

**Snowballs:** The predetermined autocall (call level) threshold remains flat or unchanged during the investment lifecycle. If the Note or CD is not autocalled on the specified observation date, the call premium “snowballs” or gets added to the payment on the next observation date. This snowball continues until there is a successful autocall or the investment reaches maturity.

**Catapults:** There is a single specified observation date occurring once prior to maturity. If the predetermined autocall threshold (call level) is met or exceeded, a call premium is awarded along with full principal. If the Note or CD is not called, then no call premium is paid. The potential payout is then “catapulted” to a growth note with variable participation rate. The participation rate is the degree you can participate in the potential growth or appreciation of the underlier.

**Point-to-Points:** Participation in any positive performance of the underlier from the time of the initial purchase to maturity. Participation rates can vary and some caps on the maximum return may apply.

# What you should know before investing in Autocallable Growth Strategies

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Speak with your financial professional about the risks and suitability of Autocallable Growth Strategies in your portfolio.

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Investors should review the relevant offering documents to understand the specific terms that may impact the performance of a particular Market-Linked Product. Any return of principal and gains generated are subject to the credit risk of the issuer. Dividends paid on the underlier are not passed through to the Market-Linked Product. It is important to note that the value of the investment may be worth less than the principal amount if sold prior to maturity.

## **Call risk**

If the Market-Linked Product is autocalled, it is possible that you may be unable to reinvest in another Market-Linked Product with similar or better terms.

## **Credit risk**

A Market-Linked Product represents an unsecured debt that is subject to the credit risk of the issuer. Due payments, if any, as well as any market-linked returns, are subject to the credit risk of the issuer.

## **FDIC Insurance**

Market-Linked CDs (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. InspereX<sup>SM</sup> 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**

Market-Linked Products 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**

Market-Linked Products 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 you are able to redeem Market-Linked Products 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. In the case of Market-Linked CDs, FDIC insurance does not protect against losses should the Market-Linked CDs be sold or redeemed prior to maturity.

## **Market risk**

Market-Linked Products are linked to the performance of specified underlying assets. The return on Market-Linked Products can be adversely impacted if the underlying asset performs poorly. At maturity, poor performance of the underlying asset could result in no return above the principal amount.

## **Performance risk**

If not autocalled, the Market-Linked Product pays a return at maturity based upon the performance of an underlying asset as outlined in the offering documents. These terms could include interim caps which represents the highest level of growth or maximum return you can receive from an investment, regardless of the actual return of the underlier, if applicable. Other terms could include rates of participation in the potential growth or appreciation of the underlier. Market-Linked Products do not pay dividends. If dividends are declared on the underlying asset, they will be excluded when calculating Market-Linked Product performance. 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 Market-Linked Product.

## **Tax implications**

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



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