SIMON

Market Linked CDs Offer a Powerful Duo—Market Exposure with Principal Protection

Participation in the market typically requires putting principal at risk, but not always.

There are growth opportunities in today's markets, but with those opportunities often comes volatility. Such volatility causes many investors to stay on the sidelines for fear of loss. Growth-oriented market linked CDs (MLCDs for short) are a type of structured investment designed to offer investors a ***degree*** of market participation with some of the protective features that traditional Certificates of Deposit (CDs) are known for—including FDIC insurance* and principal protection when held to maturity.

Traditional versus market linked CDs

Traditional CDs are generally considered safe and secure. This is because holders are guaranteed to get at least a return of principal at maturity, up to the applicable FDIC limits. Traditional CDs typically offer an income stream of fixed coupon payments.

Growth-oriented MLCDs also offer principal protection at maturity with FDIC insurance up to the applicable limits. Their payoff typically occurs at maturity and is tied to the return of an underlier, such as an equity index or basket of stocks or ETFs.

> With MLCDs, investors gain the potential to generate a higher return on their investment at maturity if the underlier performs sufficiently well, although they also carry the risk of receiving no return if the underlier does not perform well.

How investors participate in the market with a CD

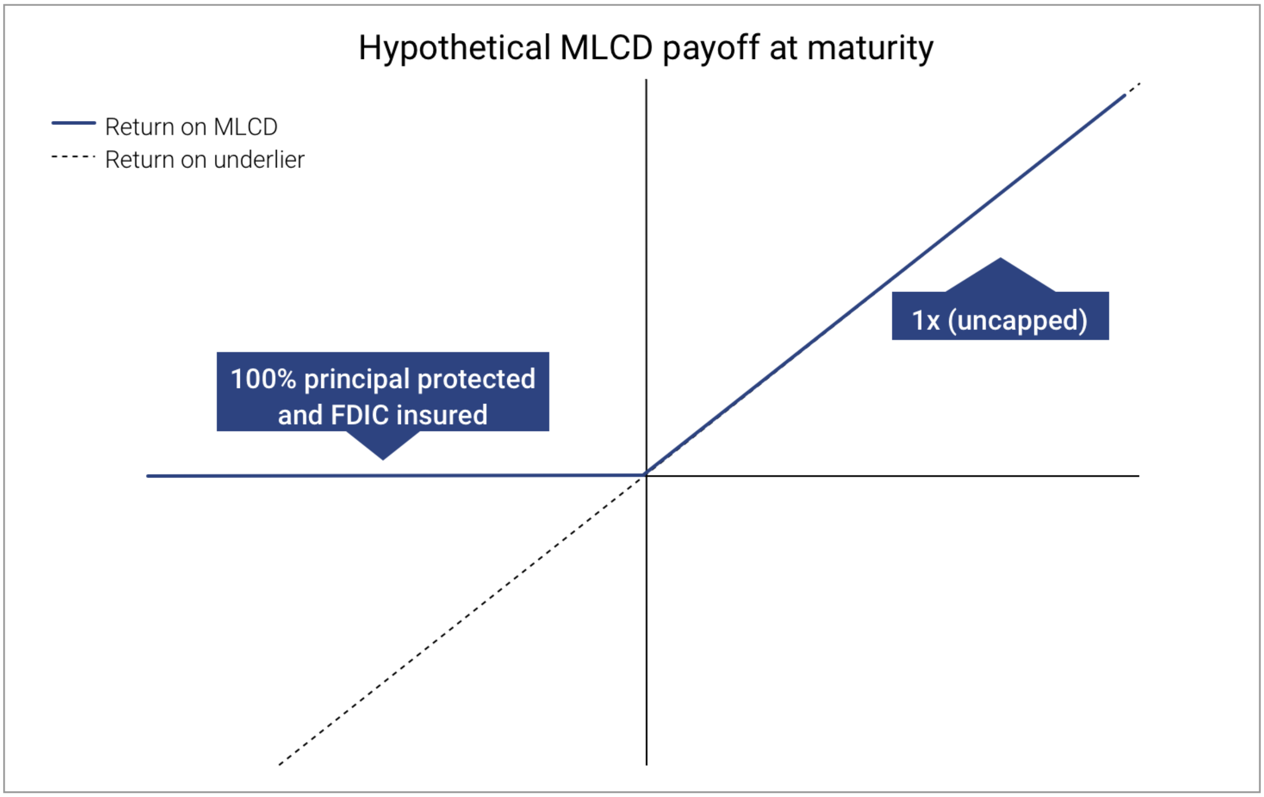
There are a variety of MLCDs in the market. The payoff characteristics for each MLCD will depend on the investment term and the type of the underlier. The typical term for a MLCD is 5-10 years. An investor should be comfortable with holding the CD until maturity since liquidity is not guaranteed and losses are possible if sold prior to maturity.

While some MLCDs offer the potential for periodic income payments, the majority of MLCDs issued today provide for risk-managed growth, or the opportunity to grow assets with a single payment at maturity.

For a growth-oriented MLCD, if the underlier has risen over the term, the investor will participate in its upside at a pre-determined rate, and/or up to a stated maximum return. Even if the underlier goes down over the term of the investment, the investor 's principal would be returned when the CD matures, backed by FDIC insurance.

An example of a growth-oriented market linked CD can be visualized in this hypothetical illustration:

Underlier	Term	Protection	Payment details
S&P 500 Index (SPX)	7 years	100% principal protected and FDIC insured Max loss 0%	Upside participation 1x (uncapped)



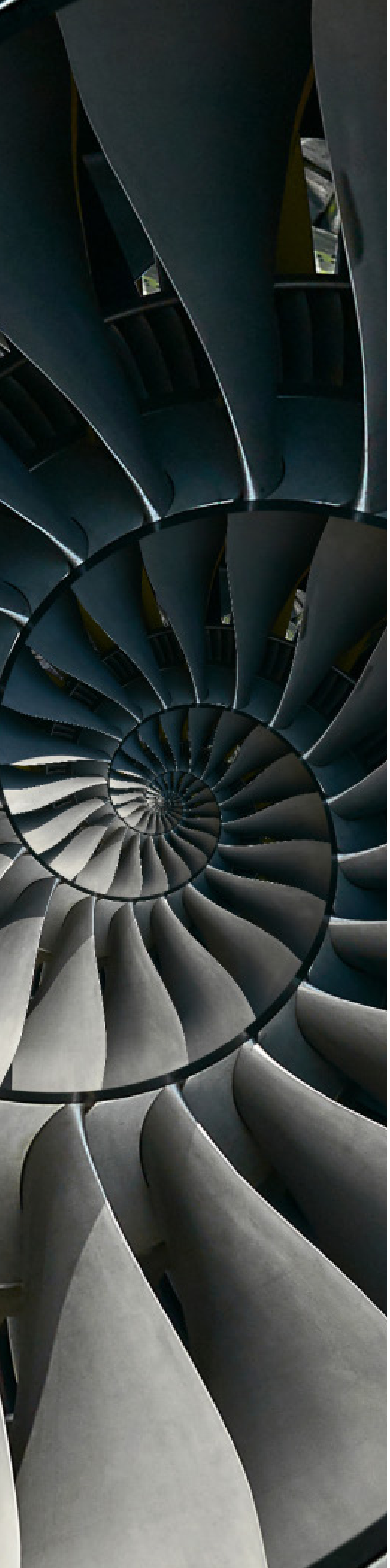
Note: This a hypothetical MLCD. With MLCDs, principal amount is guaranteed to be returned at maturity and is insured by the FDIC, up to the applicable limit, which is typically $250,000 per depositor. Investors must hold the CD until maturity in order to receive their principal back. Any amount of a CD that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to the creditworthiness of the issuer.

Potential investors

Investors looking for higher return potential than the fixed yields offered by traditional CDs should consider MLCD attributes before investing, some of which include:

Benefits

- Growth: MLCDs offer the potential to provide returns in excess of fixed coupons on traditional CDs given returns are tied to the performance of an underlier. Investors may be able to participate in some or all of such potential returns, depending on the terms of the CD.



- **Capital protection:** Similar to traditional CDs, MLCDs offer a full return of principal when held to maturity, backed by FDIC insurance, up to applicable limits.like corporate bonds or treasuries. This income is subject to certain contingencies and is not guaranteed.

Considerations

- **Contingent upside:** Positive returns are not guaranteed. If the underlier declines over the life of the investment, the MLCD will typically only return principal at maturity (unless it has a minimum return feature). Traditional CDs offer fixed coupons throughout the life of the product, regardless of market performance.
- **Statement value and liquidity:** MLCDs are long-term investments designed to be held to maturity. The value of a MLCD is influenced by market factors and time remaining to maturity, and selling prior to maturity may result in a loss. Furthermore, there is no guaranteed secondary market for MLCDs. Though issuing banks have historically provided liquidity, they are under no legal obligation to do so.
- **Tax treatment:** Investors should review the tax section of an investment's offering materials and consult a tax professional concerning any applicable tax consequences of owning structured investments.

In times of market volatility, investors may be hesitant to engage in the equity markets. For those who are comfortable with a longer term buy-and-hold investment though, MLCDs can offer the opportunity to pursue equity-like returns with the peace of mind of principal protection and FDIC insurance, up to applicable limits.

Want to learn more? Connect with us:

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*MLCDs are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits set by federal law and regulation. An investor would receive at least the deposit amount of a CD if held to maturity, regardless of the performance of the underlier to which the CD is linked, subject to the creditworthiness of the issuer with respect to any amount in excess of applicable FDIC insurance limits.

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