

# Advanced Markets

## Annual lock-in growth strategy

Market-Linked Notes with an “annual lock-in” payoff are designed to secure potential growth of the underlying index.<sup>1</sup> At market close, on each anniversary date through maturity, index gains are tracked up to an annual cap.<sup>2</sup> A hard buffer is applied at each anniversary date and provides protection against a portion of any losses incurred during the annual lock-in period.<sup>2</sup>

### Determining the “Annual Lock-In” Payoff at Maturity

- 1 Observe performance of underlier from initial trade date through the initial anniversary date. Each anniversary date index level will establish the starting index level for the subsequent annual lock-in period. Performance must be observed and calculated for each annual period through maturity.
- 2 Apply stated annual cap or protection amount to underlier performance to determine “annual lock-in” return and amount.
- 3 The underlying index level for each subsequent “annual lock-in” period resets. The starting index level is equal the ending index level of the previous period.
- 4 Calculate “annual lock-in” return for each subsequent period through maturity.
- 5 At maturity, payment is equal to original investment amount adjusted by impact of each “annual lock-in” period through maturity.<sup>2</sup>

### Hypothetical Example

#### \$100,000 Initial Investment 11.75% Annual Cap; 15% Annual Buffer

Year End	Annual Cap	Annual Protection	Index Return	Annual Lock-In Return	Annual Lock-In Amount	Anniversary Value <sup>3</sup>	Comparative Value
1	11.75%	15%	-40%	-25%	-\$25,000	\$75,000	\$60,000
2	11.75%	15%	25%	11.75%	\$8,812.50	\$83,812.50	\$75,000
3	11.75%	15%	15%	11.75%	\$9,847.97	\$93,660.47	\$86,250
4	11.75%	15%	10%	10%	\$9,366.05	\$103,026.52	\$94,875
5	11.75%	15%	20%	11.75%	\$12,105.62	\$115,132.13	\$113,850

1 Index level observed at original trade date and each anniversary date, thereafter, through maturity date.

2 Subject to the credit risk of the issuer. Market-Linked Product is not guaranteed to generate a positive return.

3 The values reflected as the Anniversary Value of the MLN are not necessarily what would be received if held to maturity. It is intended to illustrate the value of the MLN if it hypothetically matured under the given time, protection and participation parameters.

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## It's Important to Note...

Market-linked products are intended to be buy and hold investments. There may not be a liquid secondary market and if sold prior to maturity, principal may be at risk. Any return of principal, interest and gains generated is subject to the credit risk of the issuer. For market-linked CDs, the FDIC insures principal amounts up to applicable limits in the event the issuer defaults. Dividends paid on the underlying index are not passed through to the market-linked product. To understand the specific terms that may impact the performance of a particular MLCD, you should review the relevant offering documents.

## Questions?

Contact InspereX at **888.849.5732** or **[advisorsupport@insperex.com](mailto:advisorsupport@insperex.com)**

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