



# Market-Linked Certificates of Deposit

Solutions to help you manage the what ifs of investing

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



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Today's volatile markets can be characterized as an ever-changing balance between opportunity and uncertainty. Do you wonder whether you have to endure the uncertainty in order to reach your investment goals?

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**Learn how you can protect your principal and invest with confidence.<sup>1</sup>**

<sup>1</sup>Any return of principal, as well as interest and gains generated are 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. The Federal Deposit Insurance Corporation (FDIC) insures principal amounts up to applicable limits in the event the issuer becomes insolvent.

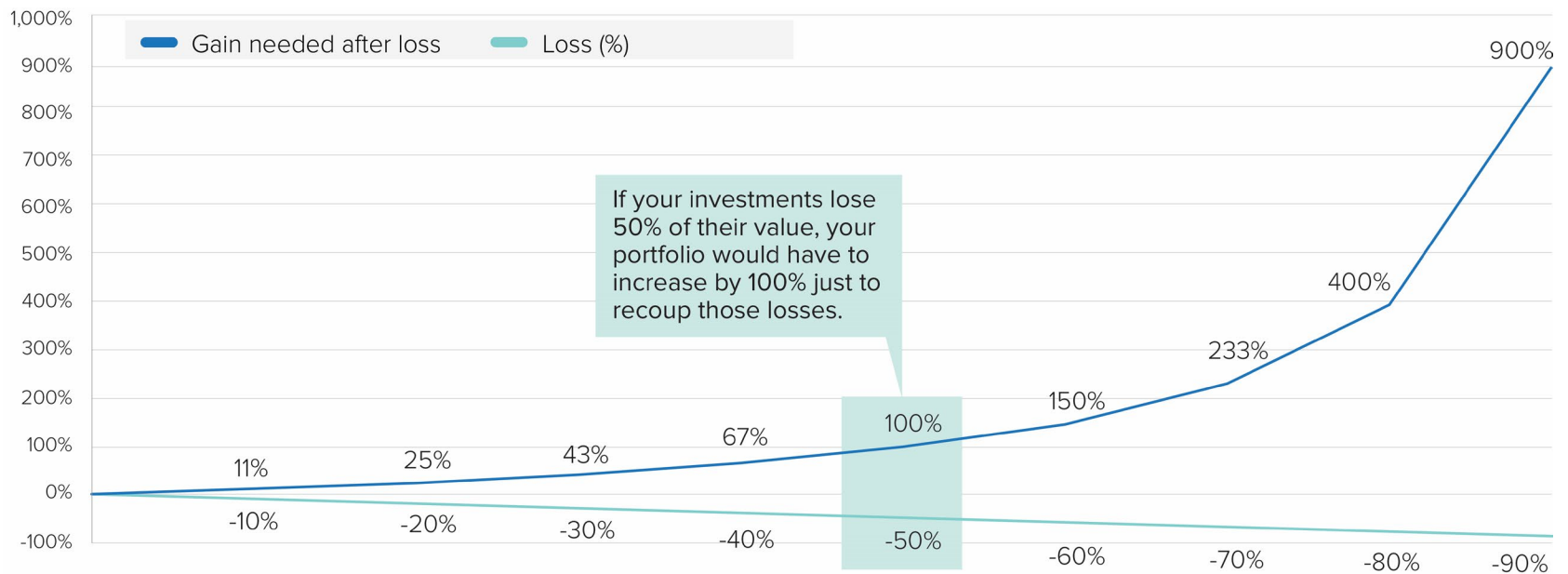
What if... you're near or in retirement and don't have the time or appetite to take on the risk necessary to make up for losses?

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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?

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### Percentage gains needed to offset losses<sup>2</sup>



Source: InspereX LLC

<sup>2</sup> Investors should consider whether selling investments in response to market volatility is the most appropriate strategy for your individual financial situation, risk tolerances and investment objectives.



A close-up photograph of several overlapping feathers in shades of blue and green, filling the right side of the page. The feathers have a fine, ribbed texture and are arranged in a fan-like pattern.

**You shouldn't have to take on more risk at a time when you should be taking on less.**

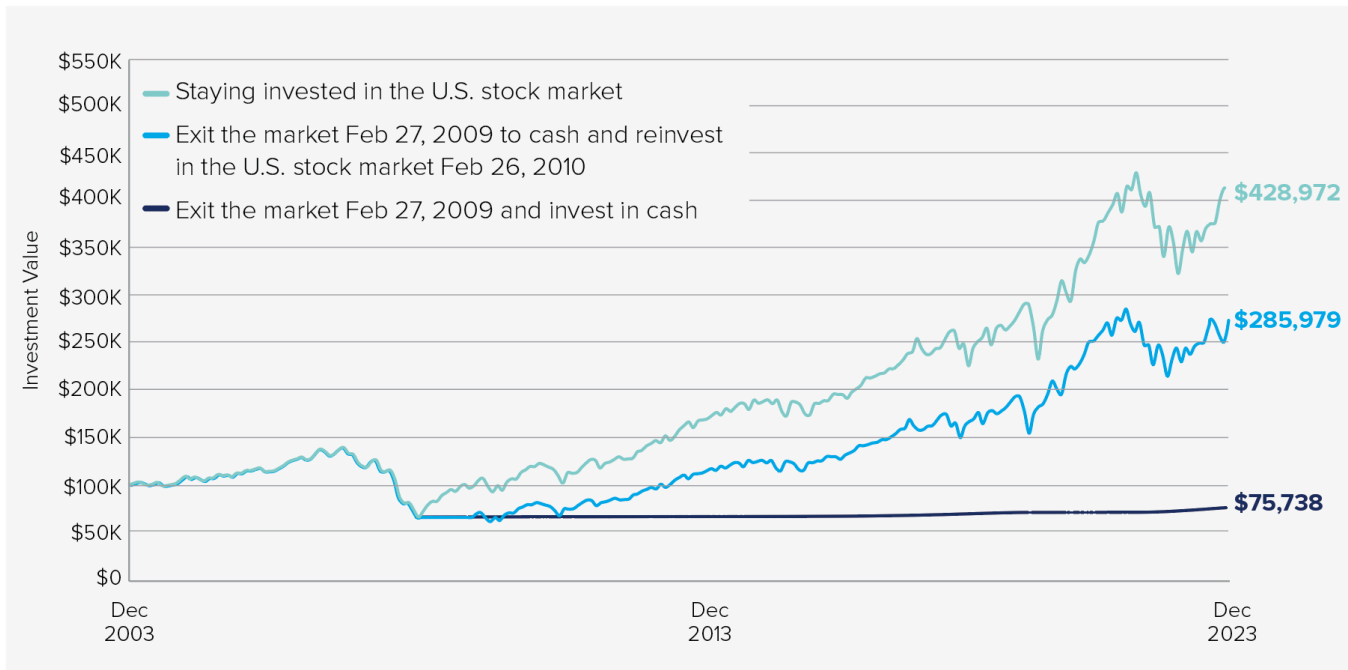
Market-Linked CDs, considered complex investments, protect 100% of your principal against losses when held to maturity.<sup>1</sup>

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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?

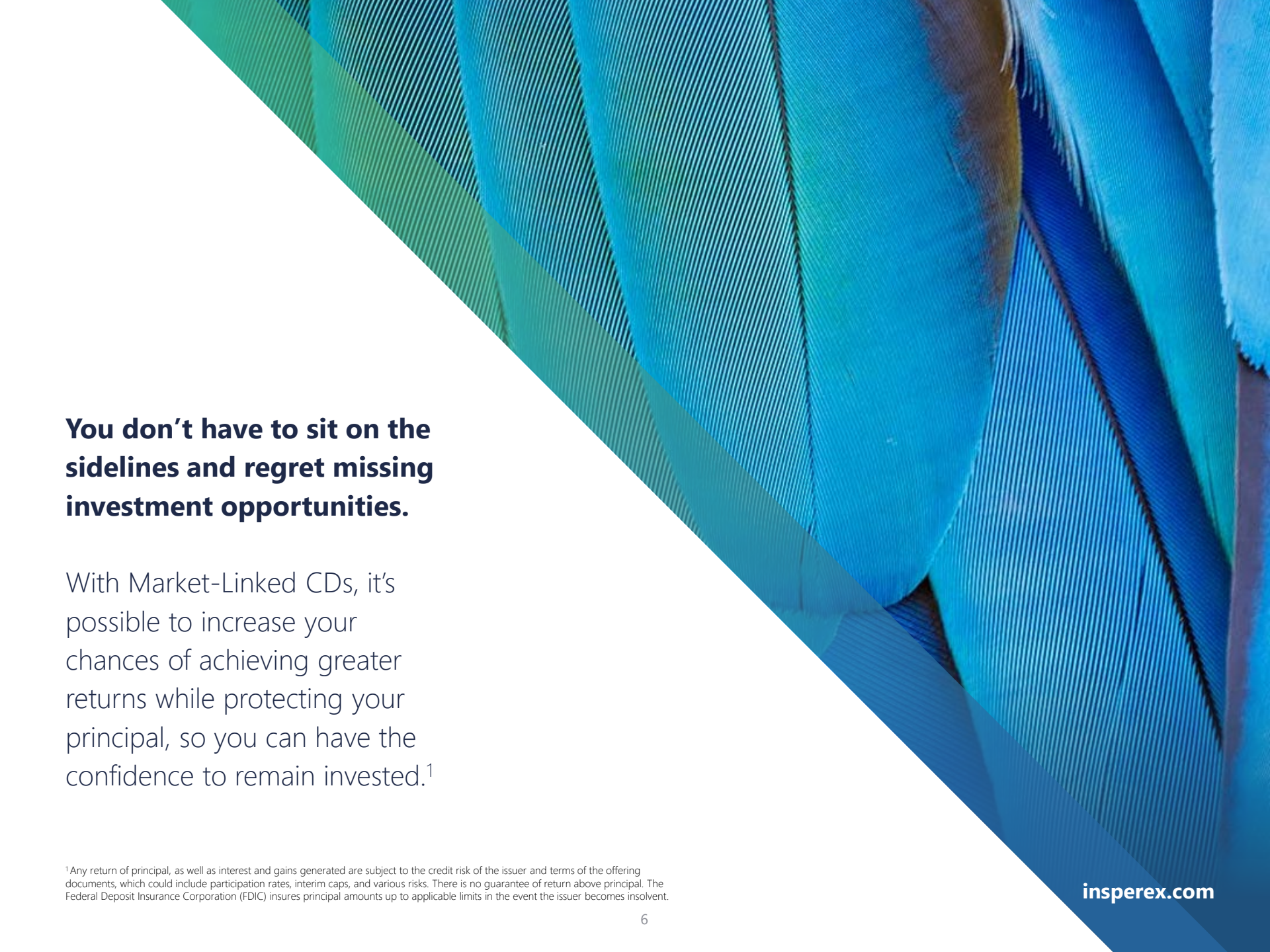
What if... the markets increase considerably, but you're not invested, and you miss out on asset growth that could have a meaningful impact on your retirement?

### Staying invested can help you stay on track



Source: Bloomberg. Data represents the last trading day for the period December 2003 to December 2023. This chart is for illustrative purposes only and assumes a \$100,000 investment December 31, 2003. The market is represented by the S&P 500®, which is an unmanaged group of securities and considered to be representative of the U.S. stock market in general. Cash is represented by the month over month percentage change using the end of month closing price of the Goldman Sachs Overnight Money Market Index (GSMMUSD). Past performance is no guarantee of future results. An investment cannot be made directly in an index. The data assumes no dividends are received and does not account for taxes or transaction costs of an initial investment of \$100,000.



A close-up photograph of a bird's feathers, primarily in shades of blue and green, with a diagonal line separating the white text area from the feather image.

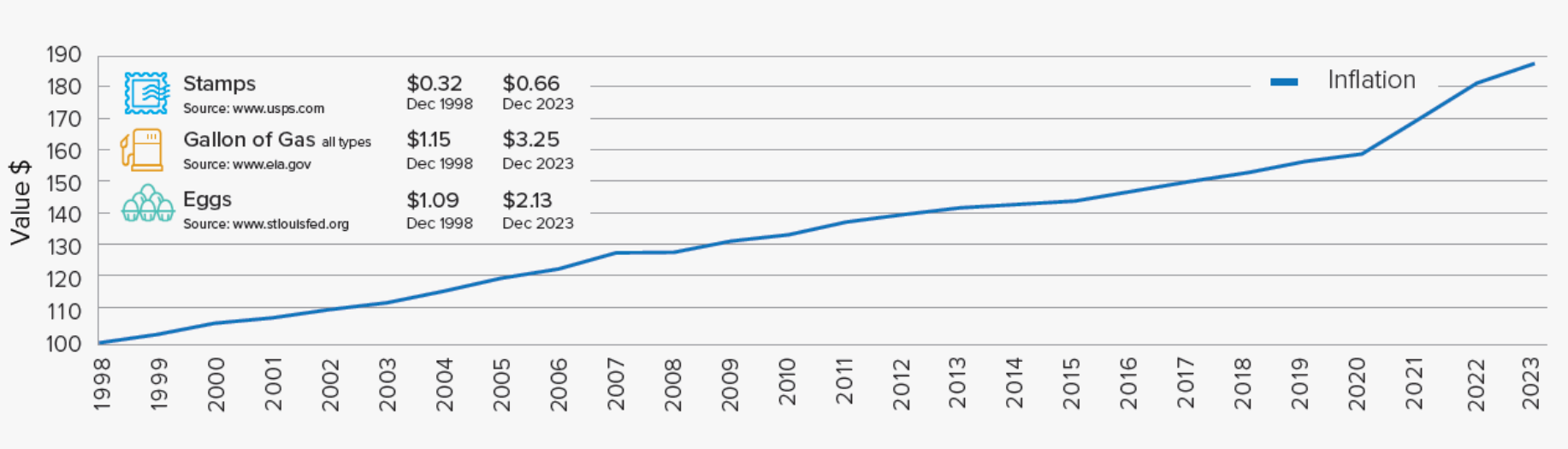
**You don't have to sit on the sidelines and regret missing investment opportunities.**

With Market-Linked CDs, it's possible to increase your chances of achieving greater returns while protecting your principal, so you can have the confidence to remain invested.<sup>1</sup>

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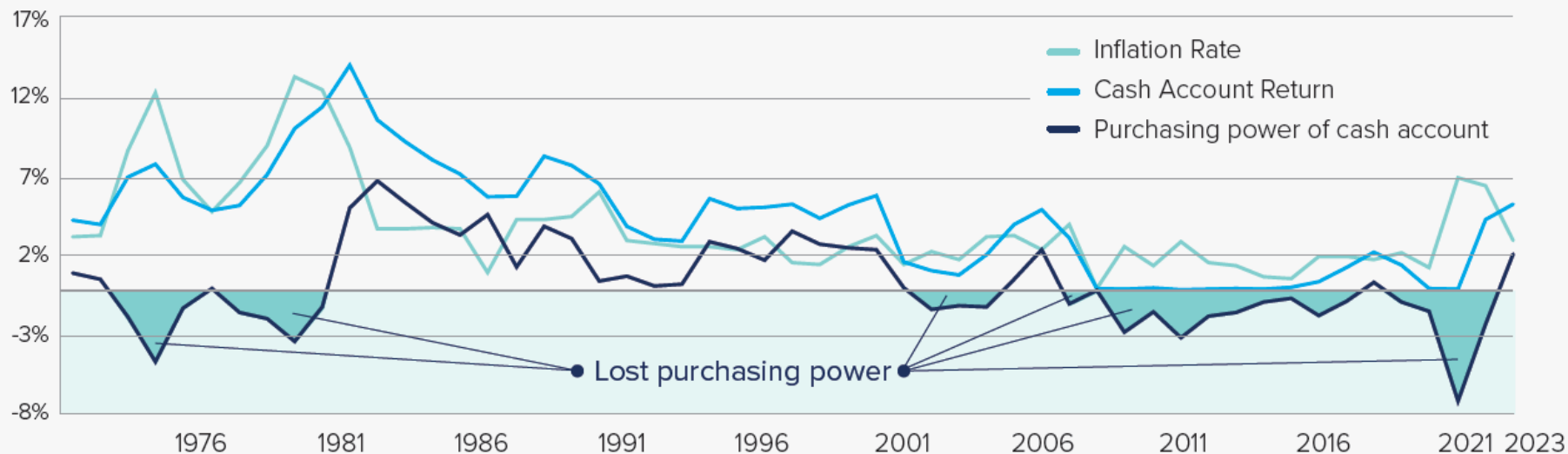
What if... you're concerned about the impact of inflation on your purchasing power?

### Historically inflation is constantly growing and real



Source: Bloomberg LP. This chart illustrates the year over year value change of the CPURNSA Index from December 31, 1998 to December 29, 2023. Cost of goods are as of December 1998 to December 2023.

## There are times when inflation will erode the returns of traditional cash accounts resulting in a loss of your purchasing power



### ▶ You don't have to settle for low yield in exchange for low risk.

With Market-Linked CDs, you have the opportunity to capture income linked to the performance of financial markets.<sup>1</sup>

### Market-Linked CDs may be appropriate<sup>3</sup> for...

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

Source: Bloomberg LP Data is for the time period December 1972 to December 2023. The Cash Account return is represented by 3-month Treasuries observed at the end of each calendar year. The inflation rate is represented by the US BLS CPI All Urban NSA, a measure of the Consumer Price Index (CPI). Purchasing power of the Cash Account is determined by subtracting the Inflation Rate from the Cash Account Return. Past performance is no guarantee of future results.

1 Any return of principal, as well as interest and gains generated are 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. The Federal Deposit Insurance Corporation (FDIC) insures principal amounts up to applicable limits in the event the issuer becomes insolvent.

3 Must consider account liquidity needs, as Market-Linked CDs may not pay out income or be redeemed until maturity date.



## Are Market-Linked CDs right for you?

If you're cautious about taking on risk yet want to participate in the markets, Market-Linked CDs can protect your principal investment and help you capture potential upside opportunities.<sup>1</sup>



**Market-Linked CDs are principal protected<sup>1</sup>, bank-issued deposits with fixed time periods that generally range up to 10 years.** While any return of principal and interest and gains generated is subject to the credit risk of the issuer, principal amounts are FDIC-insured up to applicable limits in the event the issuer becomes insolvent. Market-Linked CDs may have an estate feature that, upon death or adjudication of incompetency, allows beneficiaries to redeem Market-Linked CDs for at least their principal value, without interest, prior to maturity.<sup>4</sup>



**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. If the underlier's return at maturity is below zero, you should expect to receive no return above your principal amount.

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<sup>4</sup> Certain restrictions apply, and redemptions may be limited. Please refer to the investment's offering documents for details.

# Market-Linked CDs may help you...

**Protect** your principal against losses<sup>1</sup>

**Increase** your potential for capital growth and/or income<sup>1</sup>

**Feel** more financially prepared for the retirement you want to live

**Complement** your traditional investments

**Enhance** your portfolio's diversification

**Avoid** the what ifs of investing!

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## It's important to note...

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Dividends paid on the underlier are not passed through to the Market-Linked CD.

Market-Linked CDs 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 Market-Linked CD, you should review the relevant offering documents.



## Are Market-Linked CDs right for you?

If you're cautious about taking on risk yet want to participate in the markets, Market-Linked CDs can protect your principal investment and help you capture potential upside opportunities.<sup>1</sup>



### If you're seeking growth...

Some Market-Linked CDs 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 Market-Linked CD's maximum return, regardless of the actual return of the underlier.

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Speak with your financial professional about the risks and suitability of Market-Linked CDs in your portfolio.

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### If you're seeking income...

Some Market-Linked CDs provide coupon payments based on whether the underlier meets certain performance thresholds at predetermined times throughout the life of the investment.

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# What you should know before investing in Market-Linked CDs

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## Call risk

Some Market-Linked CDs (MLCDs) are callable, or redeemable, solely at the option of the issuer. The issuer is not obligated to redeem a callable CD, and will typically call an MLCD when it is most advantageous for them to do so. If the MLCD is called, it is possible that you may be unable to reinvest in an 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.

## Fees

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

## 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. 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.

# What you should know before investing in Market-Linked CDs

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## 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 you are able to redeem MLCDs 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. FDIC insurance does not protect against losses if 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 asset performs poorly. At maturity, poor performance of the underlying asset could result in no return above the principal amount.

## 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 an 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.

## Performance risk

The MLCD 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. MLCDs do not pay dividends. If dividends are declared on the underlying asset, they will be excluded when calculating the performance of the MLCD. 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 MLCD.



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