EXPLORING STRUCTURED INVESTMENTS

Innovative solutions for everyday portfolio challenges

RAYMOND JAMES

An innovative approach to your investment objectives

What if you could capture the potential gains of the S&P 500,* but limit your losses if the market goes down? Or earn above-market income given the right stock market conditions? How about gaining some market exposure while protecting principal with FDIC insurance, up to applicable limits? Structured investments – which have been offered globally since the early 1980s – are distinct investments that can meet a wide variety of objectives, offering investors the potential to better balance the risks and rewards associated with their investments.

What exactly is a structured investment?

A structured investment is an obligation from an issuing firm to provide a return based on the performance of an underlying investment, such as a stock, an exchange traded fund (ETF) or a market index, commonly referred to as the "underlier." Each structured investment is designed (or "structured") around the underlier, linking its performance to the underlier in a unique manner. These investments are distinct in that they come in a wide variety, each with terms and conditions designed to achieve specific investment outcomes. Some offer greater protection against loss with moderate or limited growth potential, while others possess greater growth potential but come with less protection. Others offer the potential to pay attractive periodic coupons, dependent on the underlier's performance.

What's your investment objective?

While structured investments come with a wide variety of terms, deciding upon a growth or income objective is the first step:

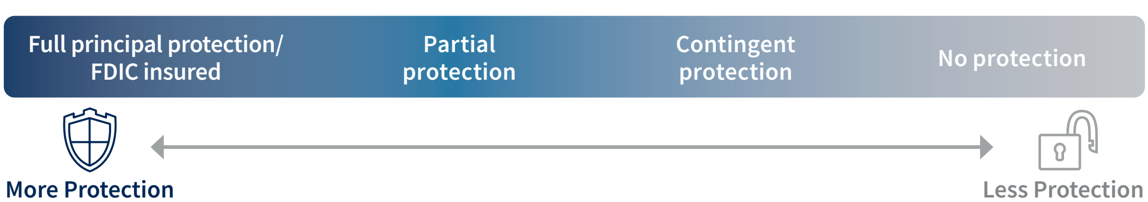
RISK-MANAGED GROWTH
Investors often want to see growth in their portfolio, but many wish to reduce their risk in achieving that growth. Structured investments provide a wide array of methods to participate in the performance of the underlier, often dependent on the amount of protection being offered.

OR

ENHANCED INCOME
For investors seeking enhanced income from their portfolio, structured investments can offer attractive coupon payments contingent on the performance of the underlier. The level of potential income depends on the underlier and level of protection provided by the terms of the investment.

Once you've identified your objective, you'll need to determine the underlier as well as the type and amount of protection. While traditional investments tend to offer either a high level of protection with limited return potential (e.g., CDs, bonds) or no protection with greater growth potential (e.g., stocks, commodities, equity funds), structured investments are able to offer different types and degrees of protection.

PROTECTION/RISK SPECTRUM



After the appropriate objective, underlier and protection features have been determined, other factors including payment features, length of term and potential early call provisions are taken into consideration. While this may seem like a lot to consider, these factors provide a highly flexible assortment of options that can help tailor the structured investment to fit almost any portfolio need. Let's look further into structured investments and how they can potentially meet your investment objectives.

*The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance.

Types of structured investments

Structured investments are available in two distinct forms: market-linked certificates of deposit (MLCDs) and market-linked notes (MLNs). Let's take a closer look at how they work.

MARKET-LINKED CDS

Traditional CDs offer full principal protection when held to maturity and are typically FDIC insured to applicable limits per depositor. They offer guaranteed income over the life of the deposit, but it could be relatively low. MLCDs offer an alternative to traditional CDs, maintaining the same level of principal preservation but tying their potential return to the performance of an underlier rather than the fixed interest rate of a CD.

Some MLCDs are designed to potentially pay periodic coupons, while others offer potential returns that are paid at maturity. By investing in MLCDs, an investor typically forgoes the fixed payment of a traditional CD in exchange for the potential to earn a higher return based on the performance of the underlier, while maintaining principal protection with FDIC insurance. Investors seeking some growth potential while maintaining full capital preservation may consider MLCDs.

MARKET-LINKED NOTES

These notes are obligations issued by financial institutions and are backed by the creditworthiness of that issuing firm, similar to the credit risk associated with corporate bonds. The return characteristics of market-linked notes, however, are more similar to those of the underlier than a corporate bond. Most MLNs offer a balance between downside protection against market losses and potential for attractive growth or income.

Need to know: Terms of structured investments

The terms of all structured investments are determined at issuance by the firm issuing them and are designed to remain unchanged throughout the life of the investment.

Terms are only guaranteed at the maturity/call date. Here's a quick overview of some key terms to understand:

Underlier: A traditional investment, like a stock, exchange traded fund (ETF) or an index, to which the performance of the structured investment is tied. Bear in mind that structured investments do not represent a direct investment in the underlier.

Term: The stated length of the investment, also called maturity, typically ranging between one and eight years. Some have call features, which may lead to an early redemption of the investment.

Protection: Defines how and the extent to which an investor is shielded from losses in the underlier. The types of protection include none, full, partial or contingent upon the underlier's performance remaining above a predetermined level. MLN protection features are backed by the creditworthiness of the issuer; MLCDs offer principal preservation and are FDIC insured up to applicable limits.

Payment features: Define the conditions under which the investment generates returns based on the underlier's performance. For growth investments, this might be an upside participation rate (for example, 100% or 120% of the underlier's performance) or in other cases may be a fixed payment contingent on the underlier's performance. Some investments may be subject to a maximum return cap. Income notes typically offer the potential for periodic coupon payments based on the underliers remaining above pre-determined levels.

Risks to consider before investing

Complexity: Structured investments are often complex and are not suitable for all investors. Before deciding whether a structured investment is right for you, review its unique terms and conditions outlined in the investment's offering documents.

Creditworthiness of the issuer: While MLCDs are fully principal-protected (when held to maturity) and FDIC insured, MLNs are backed by the creditworthiness of the issuing firm. Similar to traditional bonds, if an issuer becomes insolvent, you are unlikely to receive all of your investment as detailed by the investment's terms. Understanding the credit risk associated with any structured investment is important.

Liquidity and statement value: Structured investments are designed to be held to maturity and generally have limited liquidity. Redemptions prior to maturity may result in a loss of principal. While a guaranteed secondary market does not exist for these investments, issuing firms will often offer to buy them prior to maturity, typically at a discount. This discounted value is reflected in your account during the term of the investment and represents the amount you could expect to receive if you choose to sell prior to maturity.

Fees: Structured investments typically involve greater fees than investing in the underlier. These fees are typically stated on the front page of the offering documents and should be considered when assessing the merits of any investment.

Understanding performance: Even with protection features, an MLN investor can suffer a loss based on the terms and performance of the underlier. Understanding trade-offs and scenarios where you outperform or underperform the underlier is important when setting performance expectations. For instance, dividend payments on underliers are typically not captured by structured investments.

Here are a few questions to ask your advisor: How does the downside protection work? Do I have full, partial, contingent or no protection against market losses? How is the performance calculated? If I am buying an income investment, on what terms are coupons earned or not earned? Is the investment callable by the issuer prior to maturity? How is the investment treated from a tax perspective?

Where to start: Structured investments at Raymond James

Your financial advisor is supported by a team of associates at Raymond James dedicated to researching, designing and supporting structured investments. This team is responsible for:

- Identifying and engaging with high-quality issuing firms.
- Researching specific structures and terms in an effort to avoid those that are overly complex or offer a low probability of adding value to investors.
- Obtaining bids from different issuing firms in an effort to help secure attractive and competitive terms for investors.

The above process supports the "open architecture" approach to the Raymond James platform, with the firm electing for a competitive bid process from issuing firms rather than issuing the investments itself. The culmination of this process is a suite of thoughtful structured investments offered each month.

While structured investments can be complex and not suitable for all investors, these innovative investments could potentially offer a risk/reward proposition that aligns with your investment goals.

To help you explore the investment options most suitable to you, reach out to your Raymond James advisor today.

LIFE WELL PLANNED.

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Principal invested in market-linked CDs is insured by the FDIC up to applicable limits. Other investments, which are securities and are offered through Raymond James are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.