



STRUCTURED NOTE STATEMENT VALUES

**Understanding how Structured Notes
are valued on brokerage statements**



Statement pricing for Structured Notes differs from that of traditional investments. It is important that investors have a clear understanding of how the value of these Notes will appear on their brokerage statement at various times during which they hold the investment. This document offers a general overview of how Structured Notes are valued on brokerage statements. Structured Notes include a variety of investment types, such as Principal Protected Notes (PPNs) and Buffered Notes, and it is important to consider the following:

1. Structured Notes are intended be held to maturity.
2. Returns are determined by the specific type of Structured Note and the terms outlined in the Note's offering document.



HOW ARE STRUCTURED NOTE VALUES REPORTED?

The value reported on a brokerage statement is an estimate of the current market value, or bid, an investor may receive if they sold the Structured Note prior to maturity.

The initial value of a Structured Note will most likely be lower than the initial principal amount due to several factors, including fees incurred upfront or time to maturity.

The statement value does not reflect the terms or payout profile of the individual offering. If investing in a Principal Protected Note (PPN), the investor will still receive their initial principal investment at maturity, even if it is not reflected in the statement pricing, subject to the creditworthiness of the issuer. For other types of Structured Notes, some or all of the principal investment may be at risk, depending on the terms of the individual offering.



FACTORS THAT IMPACT STATEMENT VALUES

The pricing reflected on a brokerage statement can be positively and/or negatively impacted by a variety of factors including, but not limited to:

- Performance of the underlying asset or group of assets
- Interest rate movements
- Market volatility
- Time to maturity
- Credit rating of the issuer
- Fees and other administrative costs

Generally, the closer to maturity a Structured Note is, the more certainty there will be with the statement value. The more time left to maturity, the more sensitive statement values may be to market fluctuations.



HYPOTHETICAL SCENARIO:

Let's suppose an investor purchases a 7-year Principal Protected Note (PPN), designed to return par value at maturity along with any additional amount based on the performance of an underlying basket of stocks.

Initial Principal Investment:	\$100,000
Initial Statement Value:	\$94,000

Why is the value of the Note less than what was initially deposited?

As previously discussed, the value reported on the initial statement will most likely be lower than the initial principal amount. This can be attributed to varying factors, such as upfront fees or time to maturity, among other things.

How does the statement pricing impact the principal amount returned at maturity?

It doesn't. For the PPN, the investor would receive their initial investment of \$100,000 at maturity, regardless of the performance of the underlying asset, subject to the creditworthiness of the issuer. The investor may also receive gains linked to the price movement of the underlying asset in accordance with the terms outlined in the Note's offering documents.

Now, let's assume an investor purchases a 4-year Buffered Note. As the Note nears maturity, the value reported on their brokerage statement is \$125,000.

Initial Principal Investment:	\$100,000
Reported Statement Value:	\$125,000

Does this mean the investor is guaranteed an increase on their initial investment?

No. Even if the value of a Note is above the initial principal amount invested, the value reported can still fluctuate higher or lower prior to maturity. Investors should review the terms outlined in the Note's prospectus for complete details about payment at maturity.

Hypothetical investor scenarios are for illustrative purposes only.



KEY TAKEAWAYS:

1. Statement values do not reflect principal or payments that will be made at maturity.
2. Statement values do not affect an investor's return at maturity and should not be considered an exact valuation.
3. At maturity, the return of a Structured Note depends on the type of Note and the specific terms associated with that investment.
4. Investors should refer to the Note's prospectus for complete details.

**Investors should consult their financial professional
and review the prospectus prior to investing.**

The information contained herein is not intended to be a complete description of the statement valuations, terms, risks, and benefits associated with any specific Structured Note offering.

Structured Notes are considered complex and may not be suitable for all investors. Structured Notes are sold only by prospectus and investors should read the prospectus and pricing supplement carefully before investing as they contain a detailed explanation of the risks, tax treatment, and other relevant information about the investment. Investors should consult accounting, legal, or tax professional before investing. Structured products are sold through financial professionals.

Structured Notes are unsecured obligations of the issuer, and therefore subject to risk of default. The issuer's creditworthiness is an important consideration in evaluating a structured product. Typically, the issuer of a Structured Note maintains a secondary market; however, there is no obligation to do so.

This brochure is for informational purposes only and does not pertain to any product or service and is not an offer or solicitation of an offer to buy or sell any product or service. Unless otherwise stated, all information and opinion contained in this publication was produced by Advisors Asset Management, Inc. (AAM) and other sources believed by AAM to be accurate and reliable. Due to rapidly changing market conditions and the complexity of investment decisions, supplemental information and other sources may be required to make informed investment decisions based on your individual investment objectives and suitability specifications.

All AAM employees, including research associates, receive compensation that is based in part upon the overall performance of the firm. AAM may make a market in or have other financial interests in any given security with which this analysis suggests may benefit from its conclusions. Investors should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this publication and should understand that statements regarding future prospects may not be realized. Past performance does not guarantee future performance. All expressions of opinions are subject to change without notice.



©2022 Advisors Asset Management, Inc. All rights reserved.

Advisors Asset Management, Inc. (AAM) is a SEC registered investment advisor and member FINRA/SIPC.

Registration does not imply a certain level of skill or training.