



MARKET-LINKED NOTES

What is a Market-Linked Note?

Market-Linked Notes (MLNs) are flexible and innovative financial products that help investors increase the diversification and potentially enhance the risk/return profile of portfolios. MLNs are designed for purchasers who seek exposure to various asset classes while potentially limiting downside exposure. Many MLNs offer full or partial principal protection; however, some do not have any downside protection. The amount of principal protection depends on the structure, and is stated in the product's term sheet. Common offerings of MLNs include rates of return that are linked to: a leading stock market index or indices, a basket of selected individual stocks, commodity market indices, and international market indices.

Key Features of Market-Linked Notes

- Potential for attractive returns; pays variable rate based on the performance of underlying asset(s)
- Some MLNs may offer an element of capital protection
- Notes available for both income and growth investors, as well as those seeking exposure to a variety of markets
- IRA eligible
- A range of risk levels to suit client needs

Why Invest in a Market-Linked Note?

MLNs provide the potential of higher returns than traditional deposits and savings accounts while also balancing risk. MLNs provide exposure to a wide range of asset classes, during a fixed time period, and can help diversify your portfolio by investing in assets that are otherwise difficult to access. MLNs offer a broad range of payoff structures enabling purchasers to meet their specific risk/return and investment objectives.

Who are Typical Investors in Market-Linked Notes?

MLNs are applicable to a variety of investors including clients planning for retirement, higher education, as well as investors seeking to grow their wealth. Investors should not purchase MLNs unless they are able to bear and understand the risk associated with the market, liquidity and yield. MLNs are not suitable for all investors and purchasers of MLNs should be buy-and-hold clients seeking participation of the performance of the underlying market asset(s).

Not FDIC Insured	Not Bank Guaranteed	Not a Bank Deposit
May Lose Value	Not Insured by any Federal Government Agency	

What are the Risks of Market-Linked Notes?

Principal Risk: Principal is guaranteed by the issuer, when applicable, only if the note is held to maturity. The amount of principal protection varies by note, and is disclosed in the relevant offering documents.

Performance Risk: The MLN pays a return based upon the performance of the underlying asset(s). The MLN return may be different than the return of the underlying asset. Reasons for the difference may be related to the specific terms of the MLN such as interim caps, averaging, and rates of participation. If the MLN is subject to a capped value or barrier levels, the return potential will be limited, and the return received may be lower than the return they could have achieved on a direct investment in the market measure.

Liquidity Risk: Investors may be subject to early redemption fees if the note is redeemed prior to maturity, which may result in receiving proceeds less than the full principal amount. The issuer makes no guarantee of a secondary market. MLNs are not designed to be short-term trading instruments. Purchasers should be willing to hold the note to maturity.

Credit Risk: MLNs are subject to the credit risk of the issuer. If the issuer is unable to meet its financial obligations, you may not receive your original investment back or the expected return.

Call/Reinvestment Risk: Some MLNs are callable by the issuer. The issuer is not obligated to redeem a callable note, and will typically call a MLN when it is most advantageous for them to do so. If the MLN is called, it is possible that the investor may be unable to reinvest the redemption proceeds at the same or greater yield. For a full explanation of risks involved with MLNs, see relevant offering documents.

Additional Considerations

Fees: Distribution fees and costs associated with creating and hedging the MLN are likely to adversely affect the price at which clients can sell their MLN prior to maturity.

Tax Treatment: For tax purposes, MLN returns are frequently considered interest income and taxed at the holder's ordinary income rate but may be subject to capital gains tax. Tax treatment varies based on product terms. For complete tax advice, consult your tax advisor. There is no assurance of gain.

About Navian Capital

Navian Capital is a distributor of structured products and annuity solutions to both bank and independent B/Ds as well as RIAs. We see our clients through the development, implementation, and marketing of proprietary and nationally-issued investment solutions. Established in 2005, Navian Capital is headquartered in Cincinnati, Ohio, with locations in New York, Boston, Naples, Louisville, Seattle, and Los Angeles.

Important Considerations

The Market-Linked Note may not be a suitable investment for all investors. In particular, no investor should purchase a Market-Linked Note unless they understand and are able to bear the associated market, liquidity and yield risks. Market-Linked Notes are not FDIC-insured and principal is not guaranteed for all Notes. Tax treatment may vary depending upon the Market-Linked Note purchased. For complete tax advice, consult your tax advisor. There is no assurance of gain. Returns on the Notes may not necessarily reflect the full performance of the Reference Securities or index and may be lower than a direct investment in the Referenced Securities or index due to possible performance caps. The investor owns the Note, not the underlying stocks or index, and will not have any dividend or shareholder rights in any of the companies included in the equity basket or index. Some MLNs may be callable by the issuer. Market-Linked Notes are generally illiquid. Market-Linked Notes subject investors to specific risks associated with the market to which performance is linked. Generally, the price at which the investor buys a Market-Linked Note includes certain embedded costs. These costs can include distribution fees paid to selling agents, hedging and structuring fees incurred by the product issuer for assuming risks obligations under the Notes. See Term Sheet and Disclosure for complete details prior to any purchase.

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