iCapital™

m+ ETFs

Autocallables: Understanding the Structure

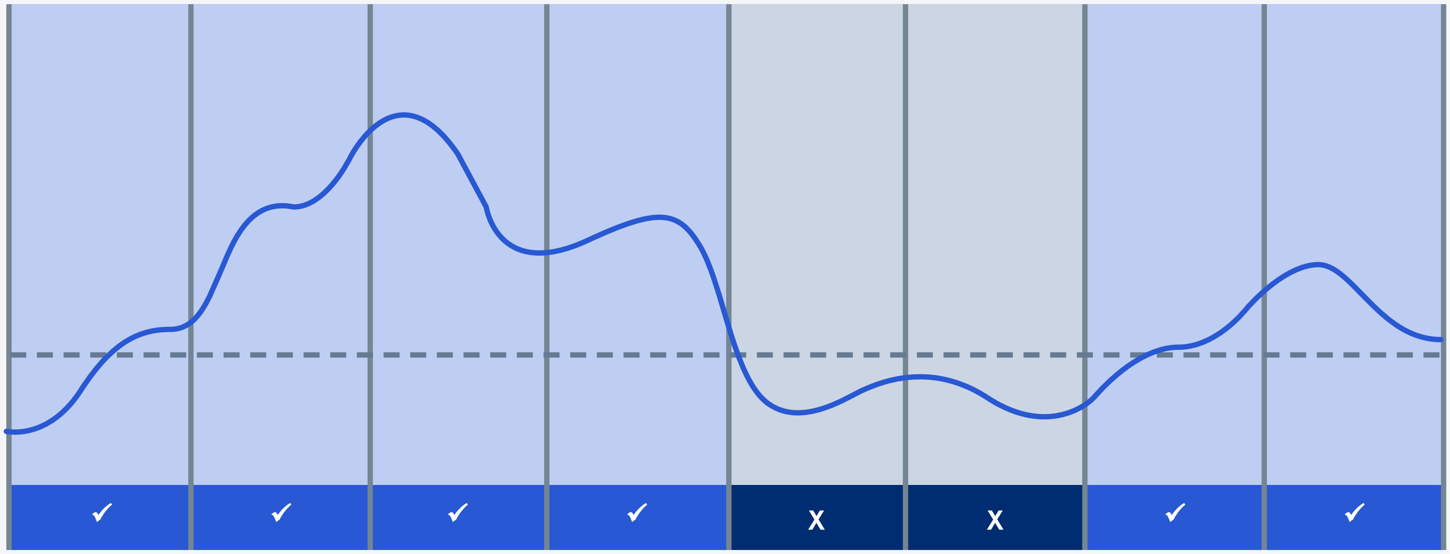
How They Work & What Drives Returns

An Autocallable is a type of structured investment where returns are linked to the performance of a reference asset, or the Underlier, which is typically an index, ETF, or stock.

An Autocallable provides investors with the opportunity to receive coupon payments if the Underlier is at or above a specified level on each observation date while offering Barrier protection. A Barrier absorbs a fixed percentage of the Underlier's losses; however, if the Underlier declines beyond a specified level on the final observation date, the protection disappears, and losses are one-to-one from the Underlier's Initial Level. The investment will continue to a stated maturity date or until an Autocall condition is met, which means that it will be automatically redeemed prior to maturity if the Underlier is at or above a specified level on any observation date.

Contingent Coupon

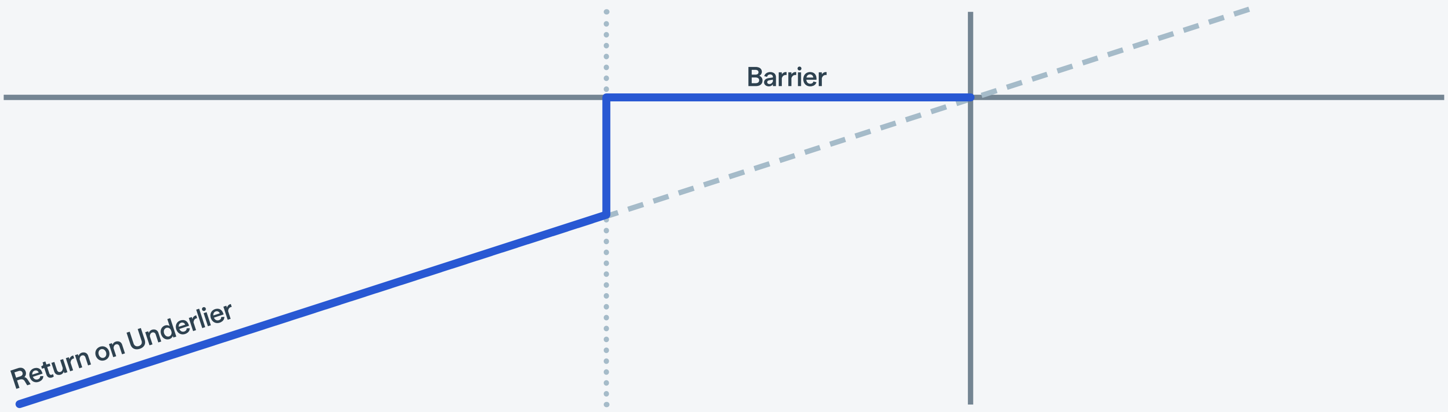
A note with this feature offers a Contingent Coupon, which means that coupon payments are contingent upon the Underlier being at or above a specified level (% Barrier) on each observation date.



For illustrative purposes only. The visuals and descriptions included are hypothetical examples of structured investment terms. They do not reflect any specific structured investment and are solely intended to help illustrate how different structured investment features work.

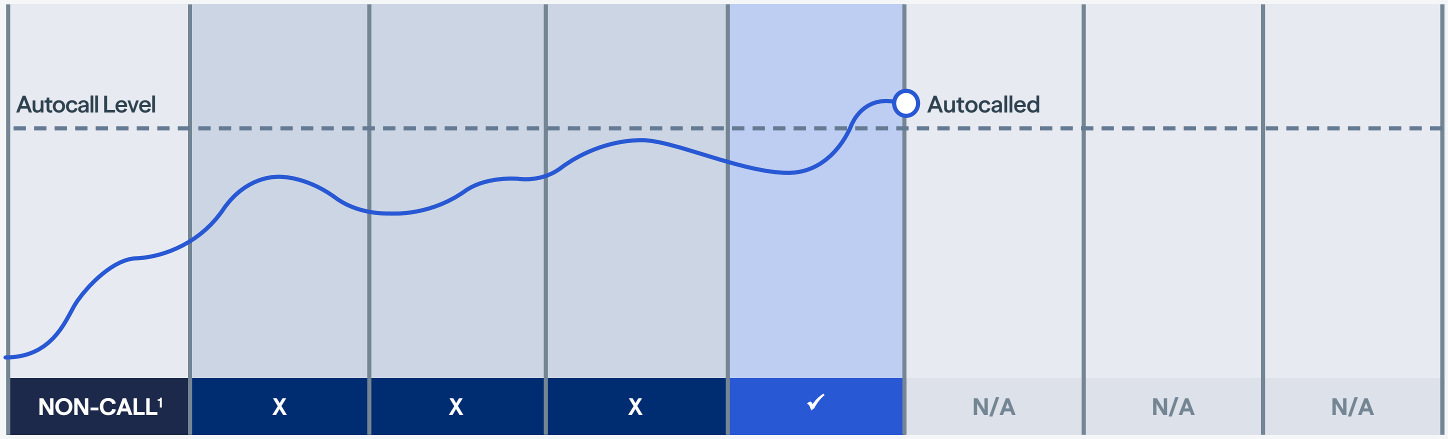
% Barrier

A note with this feature has a Barrier to protect principal against a downturn in the Underlier. A Barrier absorbs a fixed percentage of an Underlier's losses; however, if the Underlier declines beyond a specified level at maturity, the protection disappears, and losses are one-for-one from the Underlier's Initial Level.



Term with Autocall

A note with this feature has a defined term, but it is Autocallable, which means that it will be automatically redeemed prior to maturity if the Underlier is at or above a specified level on any autocall observation date. Investors will receive full principal back as well as any final coupon payment, and will no longer be invested in the market. If this note is not Autocalled, it will not be redeemed until the scheduled maturity date.



1. The non-call period is the period following the trade date during which Autocallables are not eligible to be called for redemption.
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Linked to an Underlier

All structured investments provide returns that are based on or linked to the performance of a reference asset, which is called the Underlier. The returns on the note may be different from a direct investment in the Underlier and investors will not receive dividends if the Underlier pays them.

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IMPORTANT INFORMATION

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INVESTMENT RISKS

Exchange-Traded Funds (ETFs) are investment securities that derive their value from a basket of underlying assets and trade intraday on a national securities exchange. ETFs are subject to market risk, including the possible loss of principal, and their value will fluctuate with the value of the underlying holdings.

ETF shares trade on an exchange at market prices rather than net asset value (NAV) and may trade at prices above (a premium) or below (a discount) NAV. Investors buying or selling shares may incur brokerage commissions, may pay bid-ask spreads, and other trading costs. While ETFs are designed to provide investment exposure consistent with their stated objectives, there can be no assurance that an ETF will achieve its investment objective or strategy.

Certain ETFs may employ complex investment strategies, including the use of derivatives such as options, futures, or swaps, which may increase volatility and amplify gains and losses. Diversification does not guarantee a profit or protect against loss in declining markets.

Coupon payments from the Autocallables are not guaranteed and will not be made if the Underlying Reference Index falls below the Coupon Barrier on observation dates. This means an investment may generate significantly less income than anticipated during market downturns.

An investment’s returns are correlated to the performance of a theoretical portfolio of Autocallables notes reflected by the Autocall Index. Autocallables have specific structural features that may be unfamiliar to many investors.

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Credit rating downgrades and defaults (failure to make interest or principal payment) may potentially reduce the Fund’s income and share price.

Barrier Risk: If the Underlying Reference Index falls below the Maturity Barrier at the maturity of an Autocallable in the Index Portfolio, that portion of the Index Portfolio will be fully exposed to the negative performance of the Underlying Reference Index from its initial level. This conditional protection can result in sudden, significant losses if barriers are breached. The information contained herein is an opinion only, as of the date indicated, and should not be relied upon as the only important information available. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. The information contained herein is subject to change, incomplete, and may include information and/or data obtained from third party sources that iCapital believes, but does not guarantee, to be accurate. iCapital considers this third-party data reliable, but does not represent that it is accurate, complete and/or up to date. iCapital makes no representation as to the accuracy or completeness of this material and accepts no liability for losses arising from the use of the material presented. No representation or warranty is made by iCapital as to the reasonableness or completeness of such forward-looking statements or to any other financial information contained herein.

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