iCapital™

m+ ETFs

Buffers: Understanding the Structure

Components & Growth Payoff Mechanics

Buffers are 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.

A buffer provides an investor the opportunity to participate in the gains of the Underlier at maturity, while offering Hard Buffer protection. A Hard Buffer absorbs a fixed percentage of the Underlier's losses. Losses beyond the buffer level are one-for-one with the Underlier's decline through the maturity of the note.

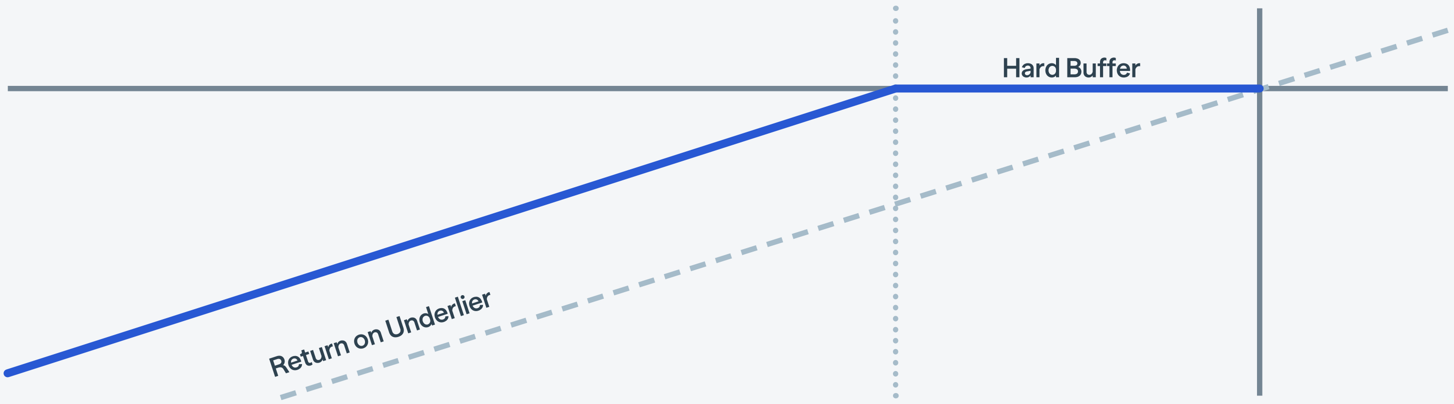
Upside participation

A note with this feature has Upside Participation, which means that at maturity investors will participate in the gains in the Underlier. At maturity, investors will receive a return that is one-for-one or a defined multiple (like 1.5x) of the gains of the Underlier, on a price return basis.

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.

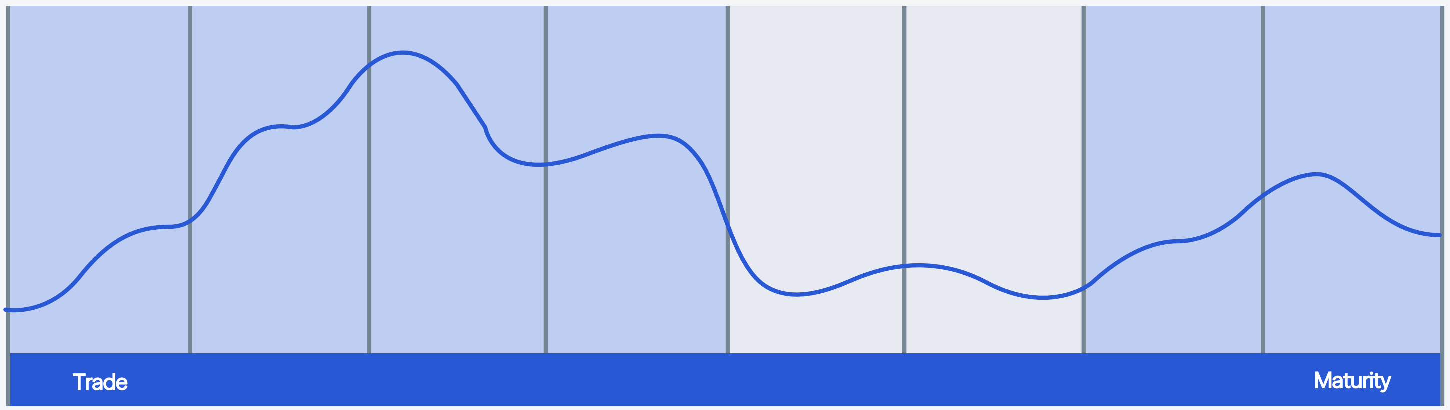
% Hard buffer

A note with this feature has a Hard Buffer to protect principal against a downturn in the Underlier. A Hard Buffer absorbs a fixed percentage of an Underlier's losses, and after that, losses occur one-for-one with the Underlier's decline below the buffer level.



Fixed term

A note with this feature has a Fixed Term, which means that the buffer protection and return potential are defined over a specified period ending on the maturity date. Investors holding the note until maturity will receive the returns and protection described above, subject to the terms of the note.



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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 than a direct investment in the Underlier and investors will not receive dividends if the Underlier pays them.

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