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A Notice for Clients Who Purchased or Who Anticipate Purchasing Buffered Exchange Traded Products (ETPs)

Pricing Considerations

Exchange Traded Products (ETPs) are regularly priced securities that trade intra-day on a national stock exchange that are typically benchmarked to indices, stocks, commodities or may be actively managed. There are several different types of ETPs that include Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs). While conventional, non-leveraged ETPs are relatively uncomplicated, the buffered versions add a level of complexity that might be easily overlooked. Buffered ETPs usually offer participation in a popular stock market index but include a buffer of downside protection in exchange for capping upside participation. The limits of the buffer and the cap are reset periodically, usually annually. While the ETP's sponsor can replicate the promised exposure in several different ways, the most efficient approach is to use a basket of several options transactions that are executed with the CBOE. These transactions provide the downside buffer and upside cap and are set for the duration to the next reset (typically 1 to 2 years).

Liquidity

ETPs inherently have liquidity in the secondary market given they trade on a listed exchange; the unique and alluring feature of the downside buffer is one that must be understood. The exact economics promised on the ETP are only valid on the reset date of the security. While investors may be able to sell prior to maturity, it is an arms-length transaction without regard to buffer feature. You must be able and willing to hold a buffered ETP to maturity to participate in the downside protection. Conversely, if you purchase the ETP shares via the secondary market, the downside buffer may be lower or less if the purchase price is below the original offering NAV. If you were to purchase above the original offering NAV, the upside potential would be reduced, and you would be subject to a principal loss until the security price reached the original NAV before the buffer feature would begin to reduce the losses.

Other Risk Considerations

An investment in a buffered ETP may result in a loss. ETPs do not provide 100% principal protection and are not insured by the FDIC or any other agency or program. Any "buffer" included in the security is only a limited downside protection against loss and applies only if the security is held to the next reset date. You will lose some of your principal investment if the reference asset declines by more than the stated buffer amount. Dividends, if any, on the underlying index are not included in the calculation of the index performance over the effective life of the buffered ETP.

There is no guarantee that you will be able to reinvest the proceeds at a comparable rate of return with a similar level of risk, at the end of the term. The maximum participation and percent buffer are established on the initial offering date and are contingent to the FLEX Option pricing attained on the CBOE on the inception date.

The potential return on an Exchange Traded Product is subject to market volatility and the risks associated with the reference asset(s). The return of an ETP may be zero or less than what could have been earned on an equity security without a participation cap.

Buffered Exchange Traded Products (ETPs) are complex products and are not suitable for all investors. The risks identified above are not exhaustive. There are a wide variety of buffered ETPs available, with attributes which affect their risks and potential rewards. Before making any investment decision, you should carefully consider the investment objectives, risks, charges, and expenses before investing in this product. This and other important information are included in the offering documents, which can be obtained from your Financial Advisor and should be read carefully. Benjamin F. Edwards & Co.® does not provide tax advice. You should obtain advice from your financial, legal and tax advisers for information about and analysis of the investment, its risks and its suitability in your particular circumstances.

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