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A Notice for Clients Who Purchased or Who Anticipate Purchasing Buffered Unit Investment Trust (UITs)

Pricing Considerations

As is the case with most products purchased through a primary offering, the UITs will be priced at a discount on the first day after purchase, i.e. they will initially be priced below the Public Offering Price. The discount is due to the fees and costs that are embedded in the offering price of the UIT. The UIT will be worth less than the original purchase price immediately after issuance. The maximum buffer and capped upside return is calculated from the initial Net Asset Value (NAV) on the trust origination date not from Public Offering Price (POP). The POP is the initial NAV plus the fees and cost of the UIT offering.

Liquidity

UITs have limited liquidity with typically the only buyer being the issuing institution. UITs are not listed on any securities exchange and an investor may not be able to sell prior to maturity. An issuer may buy back the UIT in the secondary market but it is not required to do so. The Net Asset Value, at which an issuer may be willing to purchase a structured note in the secondary market, if at all, may result in significant loss of principal. You must be able and willing to hold a buffered UIT to maturity to participate in the downside protection.

Tax Considerations

For unit investment trusts, tax treatment of contingent coupons may be considered taxable ordinary income at the time the income is received. If the notes are called, sold, or mature, you will likely recognize a capital gain or loss. Capital gains are generally taxed as ordinary income when held for one year or less and are generally taxed as long-term capital gains when held for longer than a year. Please note, Unit Investment Trusts with fixed interest payments may have a different tax treatment.
Benjamin F Edwards does not provide tax advice. Consult a tax advisor regarding the tax implications of an investment in a Unit Investment Trust.

Other Risk Considerations

An investment in a UIT may result in a loss. UITs do not provide 100% principal protection and are not insured by the FDIC or any other agency or program. Any “buffer” included in the trust’s structure provides only limited downside protection against loss and applies only if the security is held to maturity. Should you invest in a buffered UIT, you will lose some of your principal investment if the reference asset declines by more than the stated buffer amount. The potential return on some UITs is limited to the principal appreciation of the FLEX Options, if any, regardless of any appreciation of the reference asset(s), which may be significant.

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

Buffered Unit Investment Trust (UITs) are complex products and are not suitable for all investors. The risks identified above are not exhaustive. There are a wide variety of buffered UITs 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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