



EXPLORING MARKET-LINKED NOTES

Innovative strategies for achieving a variety of investment objectives.

RAYMOND JAMES

MODERN DAY INVESTING

Over the past decade, volatility in financial markets has caused many investors to pause and consider their investment options more carefully than at any other time in their lives. Their questions are not surprising:

“How much risk am I taking by investing in financial markets?”

“How have large market swings affected progress toward my financial goals?”

“How can I plan for the unknown?”

That concern has resulted in many investors choosing more conservative portfolio allocations, decreasing their exposure to equities at a time when they may require capital appreciation, and increasing allocations to fixed income at a time when interest rates are exceptionally low. Given the volatility in financial markets, such reactions are understandable. But might there be another solution that offers some middle ground?

Approximately 30 years ago, European financial institutions faced a similar challenge: Wealthy clients wanted to participate in equity markets, but were reluctant to assume all of the risks* in doing so. In other words, they wanted some degree of participation in the markets but also wanted to better manage their downside risk. In response to this demand, market-linked notes were designed to offer the risk/reward profile that clients were seeking.



It is critical for investors to consider all investments at their disposal. Market-linked notes – a different class of investments – can be a valuable tool in helping investors better balance the risks and rewards associated with their investments.

Market-linked notes are specialized bonds whose performance is linked to markets such as equities, commodities or currencies. The characteristics of market-linked notes (i.e., the maturity, underlying market(s) and payout formula) are determined at issuance and are designed to remain unchanged throughout the life of the investment.

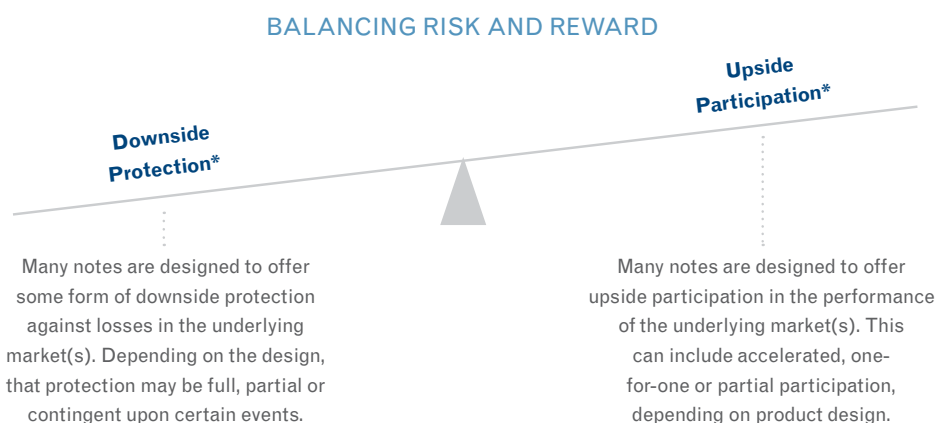
Each market-linked note contains its own unique risk factors that should be studied carefully prior to investing. Overall objectives, risk tolerance and asset allocation should be reviewed to determine which investment options might be suitable for an investor's portfolio.

*Risk refers to the likelihood of sustaining a loss. It can also refer to the volatility of an investment return; the degree to which its price moves up and down.

Not approved for rollover solicitations.

DESIGNING MARKET-LINKED NOTES

Market-linked notes are specialized bonds whose performance is linked to specific markets (such as equities, commodities or currencies) over a set period of time. Many note structures exist, each designed to strike a different balance between downside protection and upside participation in the performance of the underlying market, subject to issuer creditworthiness. Because of the variations in note design, identifying a structure that reflects your financial objectives is imperative.



FACTORS CONSIDERED IN PRODUCT DESIGN

In designing a market-linked note, a number of factors are considered. Different product structures ultimately create different trade-offs between downside protection, upside participation and the length (or maturity) of the note.* The terms of each note vary from month to month depending on financial market conditions.



THE RAYMOND JAMES APPROACH

Our research-driven approach allows us to:

- Identify, analyze and engage high-quality issuers
- Research potential structures, in an effort to avoid those that are overly complex or have a low probability of adding value to clients
- Price desired offerings with multiple issuers to obtain attractive terms for our clients
- Offer a diverse selection of market-linked notes on a monthly basis

*All terms are honored at maturity. Protection features are provided by the issuer only and subject to their creditworthiness.

INVESTMENT FEATURES

As with all investments, there are specific terms and features unique to market-linked notes, some of which are detailed below. It is important to keep in mind that all product terms are honored at the maturity of the note and not before.*



Maturities on market-linked notes can vary depending on features and other market factors; terms between one and five years are typical.



Markets to which market-linked notes can be linked vary widely. Equities, commodities, currencies and in certain cases a combination thereof, commonly serve as the underlying markets to which a note's performance is linked.



Participation refers to the degree or method in which an investor participates in the potential appreciation of the underlying market(s). A participation rate of 100% indicates one-for-one participation over the stated time period; at times participation may be greater than 100% (accelerated) or less than 100% (partial). At other times a fixed payment, often referred to as a "digital" payment, is paid if the underlying market's performance falls within predefined parameters. A maximum return limit – or cap – may also exist on certain notes. Some notes are designed to provide fixed or potential periodic payments.



Downside protection (subject to issuer creditworthiness) is often a key benefit, with many offerings designed to offer a form of protection against potential losses in the underlying market(s). Protection generally comes in three forms: a) full principal protection, b) partial or "buffered" principal protection (a predefined percentage of initial protection with the investor participating in losses beyond that percentage) and c) contingent protection (dependent on certain market(s) remaining above predetermined levels). While less common, some offerings provide no downside protection against underlying market declines.



Issuers of market-linked notes will vary. Because investments are subject to the creditworthiness of the issuer, Raymond James works with carefully selected financial institutions in the design and sale of these offerings.



Creditworthiness of the issuer is of the utmost importance. Market-linked notes are typically issued as senior, unsecured debt obligations of the issuer – essentially a corporate bond – so credit risk must be considered by investors.



Investment minimums generally start at \$10,000 with additional investments in increments of \$1,000.

General considerations associated with market-linked notes are detailed on page 7. Since the terms of each note can vary significantly based on design, it is important to review the prospectus of any note you are considering.

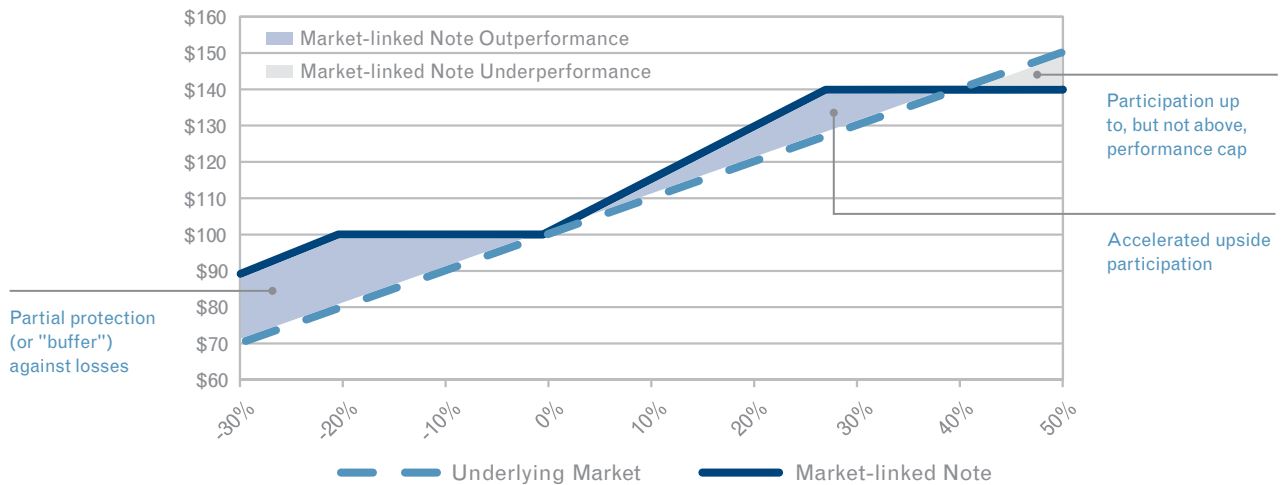
*Protection features are provided by the issuer only and subject to their creditworthiness.

**MARKET-LINKED NOTE EXAMPLE
BUFFERED RETURN NOTE**

A buffered return note seeks attractive return potential with partial downside protection.* When held to maturity, this note offers accelerated participation in the potential positive returns in the underlying market(s) over the specified time period, often subject to a maximum return cap. Should returns be negative over the period, an investor is protected against an initial predetermined level of losses known as a "buffer." Investors typically participate one-for-one in losses beyond the buffer.

PAYOUT CHART

Shaded areas represent the different trade-offs in performance between the underlying market(s) and market-linked note.



SAMPLE TERMS*	
Maturity	2 - 4 years
Underlying Market	Global Equity Basket
Downside Protection*	20% buffer at maturity
Participation	150% upside participation in underlying market (subject to maximum return cap)
Return Cap	Maximum return cap of 40%

SAMPLE RETURN*	
Underlying Market	Market-linked Note
50%	40%
30%	40%
10%	15%
0%	0%
-10%	0%
-30%	-10%
-40%	-20%

The above is a sample buffered return note; available structures and terms vary from month to month.

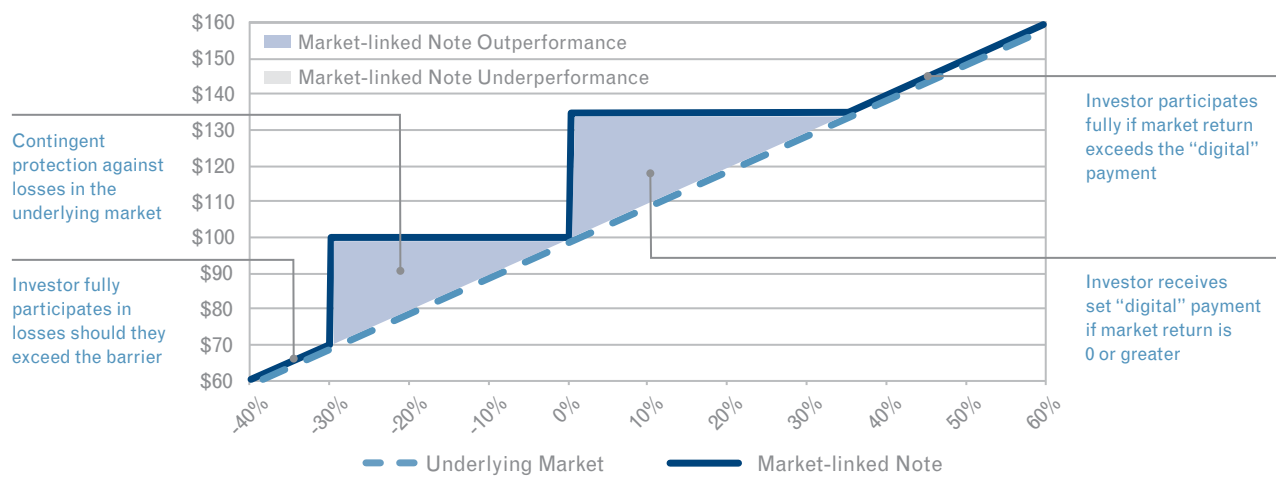
*All terms are honored at maturity. Protection features are provided by the issuer only and subject to their creditworthiness. The data presented in these charts and tables is for illustrative purposes only and not intended to imply or represent a specific return on any particular investment. Past performance is not indicative of future results.

MARKET-LINKED NOTE EXAMPLE
DIGITAL-PLUS BARRIER NOTE

A digital-plus barrier note is designed for investors seeking attractive upside participation with contingent protection against potential losses.* When held to maturity, the note provides a downside “barrier,” meaning that investors are protected against losses as long as the underlying market loss does not exceed the stated barrier. Should losses equal or exceed the barrier, investors are fully exposed to those losses. Upside participation has two components: Should the market be flat or modestly positive, the investor receives a predefined “digital” payment. In the event the market return exceeds the digital payment, the investor instead receives the market return.

PAYOUT CHART

Shaded areas represent the different trade-offs in performance between the underlying market(s) and market-linked note.



SAMPLE TERMS*	
Maturity	4 - 6 years
Underlying Market	U.S. Equity Index
Downside Protection*	30% barrier (contingent) protection
Participation	Digital payment of 35% if market return equals or exceeds 0. Market return if it exceeds digital payment.
Return Cap	None

SAMPLE RETURN*	
Underlying Market	Market-linked Note
80%	80%
60%	60%
40%	40%
20%	35%
0%	35%
-20%	0%
-40%	-40%

The above is a sample digital-plus barrier note; available structures and terms vary from month to month.

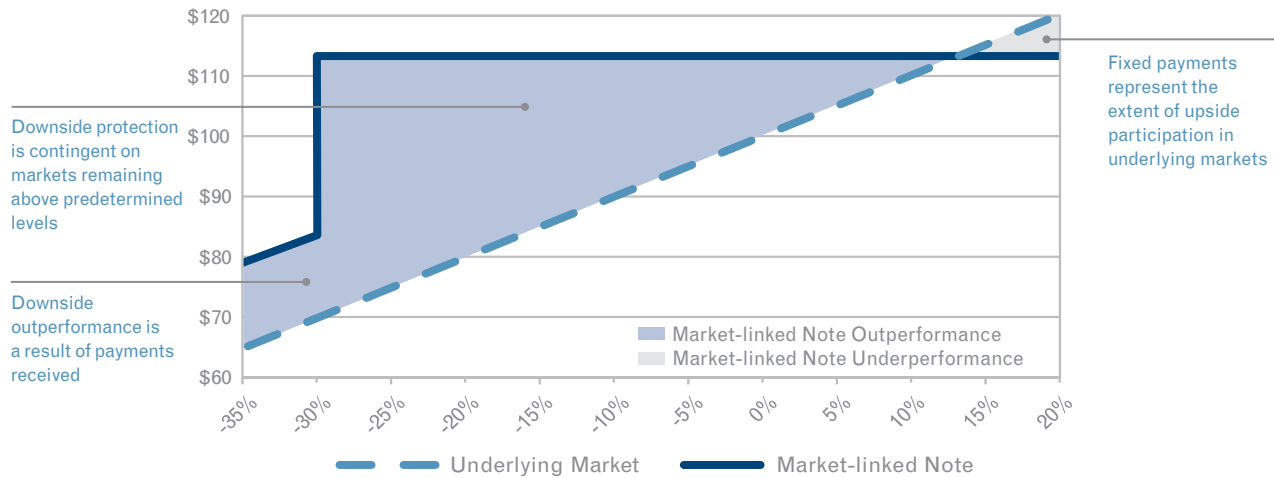
*All terms are honored at maturity. Protection features are provided by the issuer only and subject to their creditworthiness. The data presented in these charts and tables is for illustrative purposes only and not intended to imply or represent a specific return on any particular investment. Past performance is not indicative of future results.

MARKET-LINKED NOTE EXAMPLE
CALLABLE YIELD NOTE

A callable yield note is intended for investors seeking periodic cash flows but offers only contingent downside protection.* When held to maturity, this note is designed to offer attractive cash flows with the return of principal being contingent on certain equity indices remaining above predefined levels. Should the value of an index fall below the predefined level at maturity, an investor is fully exposed to those losses.

PAYOUT CHART

Shaded areas represent the different trade-offs in performance between the underlying market(s) and market-linked note.



SAMPLE TERMS*	
Maturity	2 years
Underlying Market	Two U.S. Equity Indices
Downside Protection*	30% contingent protection at maturity
Participation	7% per annum, paid periodically
Callability	Callable periodically at issuer's discretion

SAMPLE RETURN**	
Underlying Market	Market-linked Note
30%	14%
20%	14%
10%	14%
0%	14%
-10%	14%
-25%	14%
-30%	-16%

The above is a sample callable yield note; available structures and terms vary from month to month.

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**Return calculated as 7% per annum payment x 2 years.

MARKET-LINKED NOTES REQUIRE CAREFUL CONSIDERATION

All investments carry certain risks that should be considered prior to investing. While different offerings possess unique risks, some common risk factors are detailed below:



Credit Risk must be considered as market-linked notes are typically issued as senior unsecured debt obligations of the issuing firm and are subject to that firm's creditworthiness. While Raymond James makes every effort to engage high-quality issuers, an investment could be lost in total or in part should an issuer fail.



Liquidity refers to the ability of an investment to be readily converted to cash without a significant discount. While a guaranteed secondary market does not exist for market-linked notes, issuing firms may offer to repurchase notes from investors before they mature. In determining the value of such a repurchase, the issuer will consider multiple factors such as performance, risk, time to maturity and interest rates. This value may be at a substantial discount, represents the current repurchase value of the note, and will appear in client accounts as the current value of the note. As a reminder, notes are designed to be held to maturity, at which point the specific terms under which the note was originally issued are used to determine the value.



Market Risk is a key determinant in the return of any market-linked notes. Returns are typically determined at maturity and are based on the performance of the underlying market(s), as well as the original terms under which that note was issued. While many notes may be designed to reduce market risk, it is possible to lose principal based on market performance.



Product Specific Terms ultimately determine the risk profile of each market-linked note. These terms may include, but are not limited to: participation rate; minimum and/or maximum return level; full, partial or contingent downside protection;* and callability by the issuer. Notes linked to equity markets typically do not include dividends. Investors should review and fully understand the specific offering terms in the prospectus before making an investment.



Performance calculation methodology varies significantly. Most notes employ a point-to-point methodology, meaning that performance is calculated over the full term of the note and paid out at maturity only. Other methodologies can be based on averaging performance at certain intervals over the term of the note.



Fees must be considered with all investments. Market-linked notes involve fees, costs and commissions paid to the issuing firm and the securities firms that sell them.



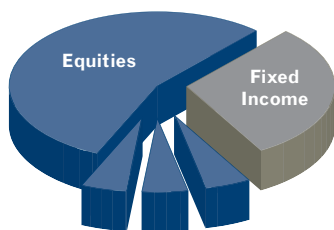
Taxation varies depending on the note's structure. While some tax implications may be highlighted in offering documents, investors are encouraged to consult a tax professional to discuss specific tax issues.

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EVALUATING SPECIFIC OPPORTUNITIES

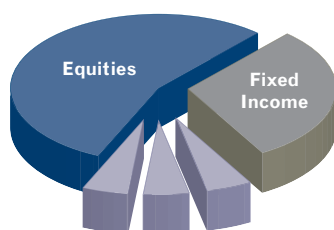
The risk and return characteristics of different market-linked notes can vary significantly, requiring thoughtful consideration and consultation with a trusted financial advisor prior to including them in your portfolio. Market-linked notes can be used to potentially achieve a variety of objectives; the following illustrates three different ways that investors might incorporate these notes into their well-planned portfolios.

RISK REDUCTION



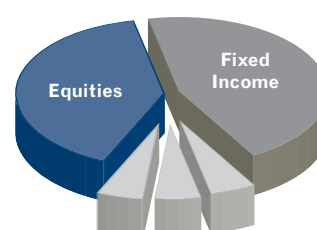
You may choose to include market-linked notes as part of a regular allocation to equities, thereby accessing similar equity markets but with risk characteristics that might better suit your investment goals.

GROWTH



You may have a view of a specific industry or asset class that you choose to express by investing in a growth-oriented note with unique participation features.

INCOME/CASH FLOW



You may have certain income goals that could be achieved with market-linked notes designed to take calculated market risk in an effort to generate attractive cash flows.

Before deciding whether market-linked notes are right for you, ask yourself:

- Am I comfortable assuming the credit risk associated with market-linked notes?
- In order to achieve the full benefit of the note, am I in a position to hold it to maturity?
- In the case of equity-linked notes, am I willing to forgo dividends in favor of potential downside protection* or accelerated upside participation?
- Will a market-linked note better reflect my market view or financial goal compared to different financial instruments, such as mutual funds or ETFs?

There are numerous factors to consider before investing in market-linked notes, but this innovative investment option could offer you a risk/reward scenario better suited to your financial goals. Your Raymond James advisor is well-equipped to discuss any questions you may have and help you determine what role market-linked notes should play in your overall financial plan.

*All terms are honored at maturity and subject to the creditworthiness of the issuer.

Market-linked notes are not suitable for all investors. Investors should consult their financial advisor for investment advice and read all applicable offering documents before investing. Investors should carefully review the risk factors section in the relevant offering documents. Among the risks involved in owning market-linked notes, these are often mentioned:

Risk of Loss – There is a risk of loss when investing in market-linked notes, and investors could lose the entire amount of their investment.

Complex Payout Structures – The payout structures for each product vary and are often complex.

Secondary Market Risks – Market-linked notes are considered long-term investments. There is liquidity risk, as there may not be a liquid secondary market for the product. Additionally, the value of the investment may be worth less than the initial investment, irrespective of the market-linked payout at maturity.

Legal and Tax Considerations – there are legal risks involved with holding complex instruments, as regulatory and tax considerations may change during the term of the investment.

Fees – Investors should refer to the relevant offering documents for additional details regarding the fees and built-in costs.

Credit Risk – The creditworthiness of an issuer must be considered when investing in market-linked notes. A market-linked note represents an unsecured obligation of the respective issuer. An investor faces the risk of not receiving any payment on its investment if the relevant issuer files for bankruptcy or is otherwise unable to pay its debts.

Market Risk – The value of a market-linked note may depend upon the value of the underlying market.

Income Risk – Under certain structures, anticipated income may not be fixed or guaranteed and may be dependent upon the performance of an underlying market. Investors should review the offering documents to determine how distributions are calculated.

Call Features – Market-linked notes may have early redemption rights for the issuer of the security, which if exercised would result in a required redemption prior to maturity and loss of any remaining payments.

Foreign Currency Risks – investors may be exposed, directly or indirectly, to foreign currency risk due to any foreign currency securities or commodities that may be linked to the respective market-linked note. The prices of non-U.S. currencies, commodities or securities may be greatly affected by economic, financial, political and social factors in that foreign country.

Other Considerations – Market-linked notes are complex financial instruments, and product features may greatly vary from product to product. Always thoroughly understand the product features and risks before investing and consult with a qualified financial professional and tax advisor.

Past Performance is NOT indicative of Future Results.

LIFE WELL PLANNED.

RAYMOND JAMES®

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