New York Life Investments
Guide to Defined Outcome Investing
MANAGING UNCERTAINTY AND REACHING YOUR INVESTMENT GOALS
WHAT IS DEFINED OUTCOME INVESTING?

Developing a plan and sticking to it has proven to be the best recipe to achieve one’s long-term investment goals. But sticking to the plan can be difficult. With market risks and changing outlooks, investors are often tempted to make changes to their investment mix too frequently, which can jeopardize long-term goals. At the same time, an increasing number of investors are using passive investments, such as exchange-traded funds (ETFs), to build diversified portfolios. However, an ETF portfolio provides a level of diversification that only goes so far.

For example, in an effort to capture the upside potential of the market, passive equity investments may expose investors to an uncomfortable amount of downside risk. Traditionally, investors interested in reducing risk have overweight fixed income in their portfolios, but the limited upside of bonds may not allow them to achieve long-term financial goals.

Fortunately, defined outcome investing provides market exposure with greater control in limiting losses from severe market pullbacks. Defined outcome investing offers a flexible approach that modifies a passive investment’s risk/return profile in order to achieve a predetermined outcome in a predetermined time period. In other words, it allows an investor to customize their investment around a defined set of parameters (the outcome).

BENEFITS OF DEFINED OUTCOME INVESTING:

- **Aligned with your goals** — Investments that are aligned with your investment objectives or market outlook
- **Customized** — Select the equity market exposure you are seeking (e.g. domestic, international, emerging markets) and customize according to your risk tolerance and investment time horizon; defined maturity dates can also align with your goals, market views, and liquidity needs
- **Downside protection** — Select a predetermined degree of downside protection: full, partial, or none at all
- **Fiduciary approach** — Full transparency on fees and holdings; no early redemption penalties or charges

There are three primary outcomes that investors may customize to suit their risk/return profiles:

### Preservation Strategies
Market exposure **with compelling downside protection**

### Buffer Strategies
Market exposure **with insulation from a specified amount of first losses**

### Growth Strategies
Enhanced market exposure **with no downside protection**
ACCESSING DEFINED OUTCOME INVESTING THROUGH UNIT INVESTMENT TRUSTS

There are a number of ways to approach defined outcome investing, all of which may provide benefits to investors. We believe unit investment trusts, or UITs, are one of the more efficient entry points. A UIT is an investment vehicle comprised of securities with a scheduled maturity date that offers exposure to an underlying index. It is an Investment Company Act of 1940-registered vehicle like mutual funds and ETFs.

**BENEFITS OF UITs:**

- Portfolio is professionally selected and structured, but the underlying asset is passive so there is no manager risk or rebalancing necessary
- Full transparency of fees and asset holdings, investors know what they own
- Daily liquidity at NAV (similar to a mutual fund)

**Benefits of UITs versus popular investment vehicles**

<table>
<thead>
<tr>
<th></th>
<th>UITs</th>
<th>Mutual Funds</th>
<th>ETFs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Portfolio management</strong></td>
<td>Passive &amp; static</td>
<td>Active</td>
<td>Passive</td>
</tr>
<tr>
<td><strong>Fiduciary standard</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>Defined maturity</td>
<td>Perpetual</td>
<td>Perpetual</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td>Daily at NAV (creations + redemptions)</td>
<td>Daily at NAV (creations + redemptions)</td>
<td>Intraday &amp; daily at NAV (creations + redemptions)</td>
</tr>
<tr>
<td><strong>Disclosure of holdings</strong></td>
<td>Daily*</td>
<td>Quarterly</td>
<td>Daily</td>
</tr>
<tr>
<td><strong>Market risk</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Issuer credit risk</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Publicly available NAVs</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

A unit investment trust (UIT) is a professionally selected pooled investment vehicle in which a portfolio of securities is selected by the sponsor and deposited into the trust for a specified period of time. When the trust is created, several investment terms are set forth, such as the trust objective, what securities are placed in the trust, when the trust will end, what fees and expenses will be charged, etc. A full accounting of the terms of the trust will be listed in the prospectus. A mutual fund is a kind of investment that uses money from investors to invest in stocks, bonds or other types of investment. An ETF is a basket of securities, shares of which are sold on an exchange. Investment management fees for exchange traded funds (ETFs) and mutual funds are deducted by the ETF or fund company, and adjustments are made to the net asset value (NAV) of the fund on a daily basis.
PRESERVATION STRATEGIES: MARKET EXPOSURE WITH PREDETERMINED DOWNSIDE PARTICIPATION

Seeks to deliver an ETF’s positive price appreciation up to a capped amount, while partially protecting the initial investment by defining a maximum loss.

HOW IT WORKS:

- Seeks to guard against significant declines in the reference security through a “floor” (the maximum loss for an investment), while still offering performance in the upside price performance of the reference security, typically to a cap
- Investment is accessed through a Unit Investment Trust (UIT)

Figure 1: Hypothetical defined outcome investment for an investor whose main goal is preservation

For illustrative purposes only. Does not represent the performance of any product. Defined outcome strategies are designed for investors who intend to purchase at inception and hold until maturity. If held less than the entire holding period investors will experience different results. Past performance is no guarantee of future results. An investment cannot be made in an index. There is no guarantee that the defined outcomes will be realized or that the strategy will achieve its investment objective. The graph is intended to show potential hypothetical outcomes, and it does not reflect any actual past performance and therefore does not reflect returns that an investor could have received; the graph does not take into account the fees and expenses associated with investing in any specific UIT.
BUFFER STRATEGIES: MARKET EXPOSURE WITH INSULATION FROM A SPECIFIED AMOUNT OF FIRST LOSSES

Seeks to deliver an ETF’s positive price appreciation, while also providing protection against an initial loss, up to a defined amount.

HOW IT WORKS:

- Seeks participation in the upside price participation of the reference security typically to a cap, and a specified downside buffer level
- Investment is accessed through a Unit Investment Trust (UIT)

Figure 2: Hypothetical defined outcome investment for an investor seeking downside protection

For illustrative purposes only. Does not represent the performance of any product. Defined outcome strategies are designed for investors who intend to purchase at inception and hold until maturity. If held less than the entire holding period investors will experience different results. Past performance is no guarantee of future results. An investment cannot be made in an index. There is no guarantee that the defined outcomes will be realized or that the strategy will achieve its investment objective. The graph is intended to show potential hypothetical outcomes, and it does not reflect any actual past performance and therefore does not reflect returns that an investor could have received; the graph does not does not take into account the fees and expenses associated with investing in any specific UIT.
GROWTH STRATEGIES: ENHANCED MARKET EXPOSURE WITH NO INCREMENTAL DOWNSIDE RISK

Seeks to outperform an ETF in a modestly positive price return environment, up to a maximum return amount.

HOW IT WORKS:

■ Offers no downside floor or buffer level, but has enhanced upside participation in the price performance of the reference security, typically to a cap

■ Investment is accessed through a Unit Investment Trust (UIT)

Figure 3: Hypothetical defined outcome investment for an investor seeking short-to-medium term outperformance

For illustrative purposes only. Does not represent the performance of any product. Defined outcome strategies are designed for investors who intend to purchase at inception and hold until maturity. If held less than the entire holding period investors will experience different results. Past performance is no guarantee of future results. An investment cannot be made in an index. There is no guarantee that the defined outcomes will be realized or that the strategy will achieve its investment objective. The graph is intended to show potential hypothetical outcomes, and it does not reflect any actual past performance and therefore does not reflect returns that an investor could have received; the graph does not does not take into account the fees and expenses associated with investing in any specific UIT.
One thing that is certain is that financial markets will always be uncertain, but your investments don’t have to be. If you are looking for a solution that can help you reach your long-term goals while adding control to your investments, speak with your financial advisor about defined outcome investing.
There is no guarantee that the defined outcomes will be realized or that the strategy will achieve its investment objective.

Terms are provided for illustrative purposes only and are subject to change. Actual numbers will be set on the date of deposit and may be less favorable to investors. The structure of these securities may be complex, and the suitability of an investment should be considered based on your investment objective, risk tolerance, financial goals and time horizons. You should consider the portfolio’s investment objective, risks, fees and expenses carefully before investing. Contact your financial advisor to request a prospectus, which will contain this and other information about the portfolio. Read it carefully before you invest. This communication shall not constitute an offer to sell or a solicitation of any offer to buy.

All investments are subject to market risk, including possible loss of principal.

A unit investment trust (UIT) is a professionally selected, pooled investment vehicle in which a portfolio of securities is selected by the sponsor and deposited into the trust for a specified period of time. Generally, a UIT portfolio is not actively traded and follows a buy and hold strategy. A UIT is registered with the SEC as a Registered Investment Company (RIC) or Grantor trust.

Potential Risks: There is no guarantee that the defined outcomes will be realized or that the strategy will achieve its investment objective. Defined outcome strategies are designed for investors who intend to purchase at inception and hold until maturity. If held less than the entire holding period investors will experience different results.

Slippage Risk: While the strategy is designed to deliver the outcomes outlined in the applicable prospectus, there is no guarantee that it will. Because of expenses and the potential impact of redeeming holders on the remaining holders, the strategy may not be able to provide the estimated outcomes for investors holding their investments until maturity.

Capped Upside: Unitholders may be subject to an upside return cap that represents the maximum percentage return that can be achieved from an investment in the UIT over the life of the trust, before fees and expenses.

“New York Life Investments” is both a service mark, and the common trade name, of certain investment advisors affiliated with New York Life Insurance Company. New York Life Investments, an indirect subsidiary of New York Life Insurance Company, New York, NY 10010, provides investment advisory products and services. Securities distributed by NYLIFE Distributors LLC, 30 Hudson Street, Jersey City, NJ 07302, a wholly owned subsidiary of New York Life Insurance Company. NYLIFE Distributors LLC is a Member of FINRA/SIPC.