Equity investments are known for their significant long-term growth potential.

Yet, uncertainty around their short to mid-term performance can be a major deterrent for investors.

61% of American adults are intimidated by equity markets. This increases to 70% among those aged 18-39.

Source: Ally Financial, 10/16/2017

It can also be challenging to optimize an equity portfolio around unique personal preferences:

- **Personal Market Views**
- **Risk Tolerance**
- **Future Financial Obligations**

Fortunately, defined outcome investing can help investors overcome these hurdles.
What is Defined Outcome Investing?

Defined outcome investing is a family of strategies that add a layer of predictability to an investor’s results:

**Customizable Risk-Return Profiles**
- Defined outcome strategies offer risk-return features that complement an investor’s objective.

**Predetermined Time Periods**
- Defined outcome strategies expire on their maturity date, making it easier to time market exposures around personal liquidity needs.

**Upside Enhancement**
- Enhances market returns, up to a cap

**Downside Protection**
- Protects from losses, up to a certain amount

**Near term**
- eg, Mortgage down payment

**Longer term**
- eg, retirement
Investors have three defined outcome strategies to choose from, depending on their personal objectives.
Growth Strategies

Growth strategies produce enhanced market returns with downside participation that matches the market.

Suitable for investors who:

1. Have a positive outlook on markets
2. Seek high levels of capital appreciation
3. Accept the potential for negative returns
Scenario Analysis: Growth Strategy with 50% Upside Enhancement

- Growth Strategy with 50% Upside Enhancement
- 36% max return cap
- Investors gain 4 percentage points over the index ETF’s return
- Investors do not receive any downside protection
- Theoretical Performance: 50% Upside Enhancement

Here’s how a growth strategy issued on May 1st, 2020, would be performing today:

Growth Strategy Return
Investors in the growth strategy earn a return of 11.6%

S&P 500 Return
The index ETF ends the period with a return of 7.7%
Buffered strategies allow investors to participate in equity markets while receiving insulation from downside risk.

Suitable for investors who:

- Have a moderate outlook on markets
- Seek positive capital appreciation
- Require a safety buffer to mitigate potential losses
Scenario Analysis: Buffered Strategy with 20% Loss Insulation

Here's how a buffered strategy expiring on April 1st, 2020, would have protected investors over the first quarter of 2020:

Theoretical Performance: 20% Downside Buffer

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.
Preservation strategies provide investors with a defined maximum loss.

**Suitable for investors who:**

1. Have a negative outlook on markets
2. Seek to manage downside risk
3. Have financial obligations in the near future
Here’s how a preservation strategy expiring on April 1st, 2020, would have protected investors over the first quarter of 2020:

**Theoretical Performance:** 95% Capital Preservation

- **Strongly Positive:** Investors maintain 95% of their capital.
- **Positive:** Investors participate in market upside.
- **Negative:** Investors realize any negative returns within the max defined loss.
- **Strongly Negative:** Investors realize their max defined loss of -5.0%.

S&P 500 Return ends the period with a return of -23.8%.

Preservation Return investors realize their max defined loss of -5.0%.


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UITs have several unique aspects:

- **Defined Maturity Dates**
  A UIT must be held for its entire term in order to provide its return enhancement or downside protection features.

- **Passive + Static Style of Management**
  Once the portfolio is professionally selected and structured, it remains fixed for the life of the UIT.

- **Investor flexibility**
  There are no fees for redeeming a UIT early, but in these cases investors may not reach their defined outcome objective.

Unit investment trusts (UITs) are the registered investment vehicles used to access defined outcome strategies.

They offer similar levels of transparency and accessibility when compared to mutual funds or ETFs:

- **Liquidity Features:**
  - Daily liquidity at net asset value (NAV)

- **Disclosure of holdings:**
  - Daily

- **Minimum investment:**
  - $1,000

In today’s uncertain economic environment, it can be difficult to build a properly-aligned portfolio.

**Defined outcome investing offers a flexible approach that can be better suited to each investor’s unique needs.**

No matter their objective, investors can now take more control over their financial future.
The S&P 500 is an index of 500 stocks used as a macro level indicator of the overall U.S. equity market. Past performance is not indicative of future results. An investment cannot be made in an index.

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There is no guarantee that the defined outcomes will be realized or that the strategy will achieve its investment objective.

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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 of Defined Outcome UITs the ability to have a more controlled investment experience is a key benefit of a defined outcome UIT. Potential risks include: Must Be Held for Outcome Period. 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.