Merrill Lynch Wealth Management
Bank of America Corporation



The following is a transcript of an educational video prepared by Bank of America Merrill Lynch relating to Market Downside Protection Market-Linked Investments.

# Market-Linked Investments

**Client Education Video Series**

## MARKET DOWNSIDE PROTECTION

| *Visuals/Motion Graphics* | *Audio* |
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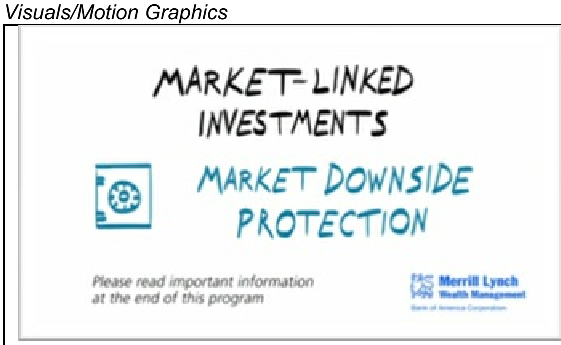
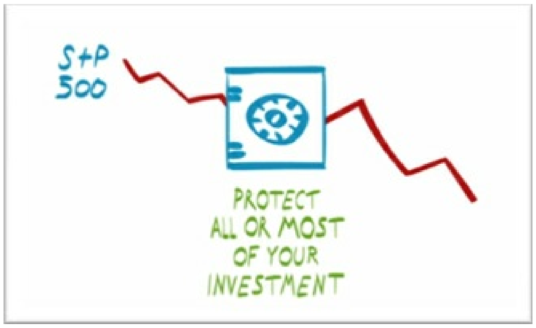
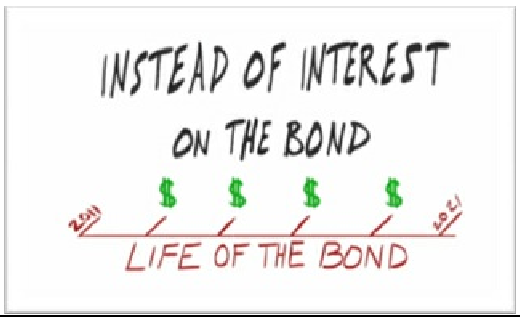
|  | |
|  | Hello, I'm Brian Partridge of the Merrill Lynch Market-Linked Investments group.<br><br>At Merrill Lynch, we have **four** basic categories of Market-Linked Investments. Market Downside Protection, Enhanced Income, Enhanced Return, and Market Access. |


In the first video in this series, we gave you an overview of some of the features they all have in common.

In this video, I'm going to focus on one of the categories: **Market Downside Protection.**

When we use the term "Market Downside Protection," what we mean is **if** the market index underlying your investment **declines, you're better protected against losses.** You'll at least get all or most of your original investment back.

In that respect, they're similar to traditional bonds, where the firm that issued the bond agrees to pay you back your original investment, or principal, at the end of a fixed number of months or years.

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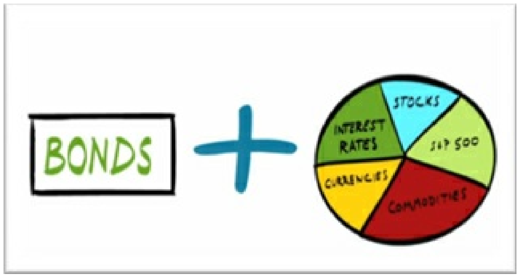
|  | The difference is Market-Linked Investments **don't** pay you interest along the way. Instead, they buy you **market exposure** to an asset or index, like a stock or the S&P 500 Index.<br><br>At the end of the term, instead of getting your principal, you get a return based on the performance of the linked stock or index and the terms of the investment. |
|  | In summary, they're **bonds… combined with the return potential of a stock, index or commodity.** |
|  | Let me give you an example.<br><br>Let's say your investment has a term of 5 years. And it's linked to the S&P 500. |

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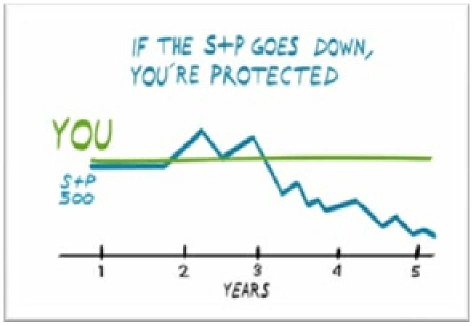
|     | If the value of the S&P 500 goes up, the value of your investment goes up.<br><br>Where the S&P 500 finishes at the end of those 5 years determines your return.<br><br>If it's up, then you make a positive return on your money. But if it's down… even if it's significantly down… as long as your investment is 100% downside protected, you still get back 100% of your original investment. |



So, you're probably wondering: **There must be more to this**…

And there is…this type of Market-Linked Investment may come with a "**cap,**" or upper limit to your returns.


Let's assume the investment has a cap of 40%. If the S&P 500 is up 55% at maturity, the return is limited to 40%. This trade-off makes a lot of sense for some investors. Especially if they're nearing retirement, they may be comfortable forgoing **some** upside in exchange for knowing their initial investment is protected against declines in the equity markets.

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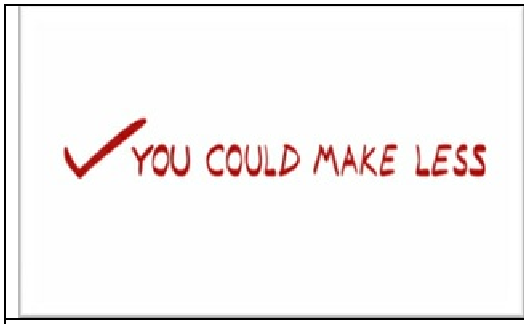
|  | Still, going in, you need to understand that if the market performs very well you could end up making **less** than you would with a direct investment in the index or stock. |
|  | Another trade-off involves **credit risk**.<br><br>Even though **Market Downside Protection** investments protect you against declines in the index linked to the investment, in most cases that protection depends on the ability of the issuing bank or company to meet its obligations.<br><br>It's the same as with any bond, but it bears repeating: **If the issuer cannot pay their obligations, you could lose your investment.** |

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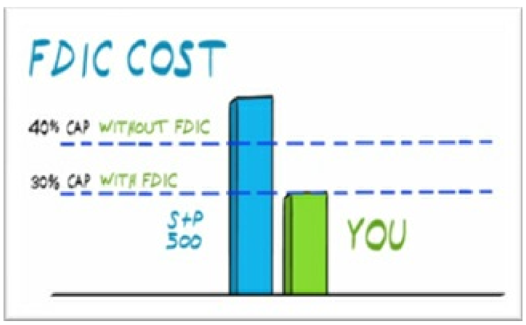
|  | Now, some investors aren't satisfied with that level of risk. They want even **more** security. So there is **one** type of Market Downside Protection investment that actually comes with **FDIC Insurance.** |
|  | If the issuing company defaults on its obligation to return your principal at maturity, the full faith of the federal government guarantees that you still get your original investment back, up to FDIC limits.<br><br>The trade-off with this type of Market Downside Protection investment is that it usually comes with a **lower cap.** Instead of capping the upside return at 40%, it might cap it at 30% or 25% as a result of the cost of the FDIC Insurance.<br><br>So, it's all about finding the right balance for **you.** |

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|     | You might have more of a risk appetite than someone at retirement and there are other Market-Linked Investments that might be better suited to meet your needs.<br><br>A conversation with your Financial Advisor can help you decide…and still stay on track toward meeting your goals.<br><br>I'm Brian Partridge. Thanks for watching. |

## IMPORTANT NOTE

**This Video provides an overview of Market Linked Investments and types of market linked investments available from Merrill Lynch. It does not provide the terms of any specific security proposed to be sold.**

**Merrill Lynch will furnish you with a prospectus that contains the terms of the relevant offering. Prior to any decision to invest, you should carefully read that prospectus for a detailed explanation of the terms, risks, tax treatment and other relevant information. Additionally, you should consult your accounting, legal or tax advisors before investing.**

**You should understand the nature of the MLI and the market environment related to the linked asset.**

Before making a decision to invest, you need to understand the characteristics of the specific offering as well as the characteristics of the linked asset. Depending on the particular MLI, risk may include the loss of principal and the possibility that the investment will decline in value. Some Market Linked Investments have a cap or a limit on the upside participation in the appreciation of the linked asset.

**MLIs are subject to the credit risk of the issuer of the note.**

Market Linked Investments are obligations of the issuing company and like any debt security, you will be subject to credit risk of the issuer. Market Linked Notes are not secured and are not backed by FDIC insurance or other governmental support. Any returns, including the repayment of principal, are subject to the credit risk of the issuer of the Market Linked Investment, including those that are subject to downside market protection (or "principal protected").

**MLIs may have limited liquidity depending on market conditions.**

If you want to sell the note prior to maturity, Merrill Lynch is not obligated to make a secondary market in any Market-linked Investment.

**Prior to selling any particular Market Linked Investment, the issuer will have filed a registration statement, including a prospectus, with the Securities and Exchange Commission (SEC) containing more complete information about the potential offerings of the type described in this Video. Before investing, you should carefully read the relevant prospectus and the other documents filed by the issuer with the SEC. You may obtain these documents without cost by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, the issuer or Merrill Lynch will arrange to have the documents sent to you by calling Merrill Lynch toll-free at 1-866-500-5408.**