TRIATHLON PARTNERS LLC | Investment Management Financial Planning Wealth Advisory

Location, Location, Location, Where Do Your Equities Live?

The US has been the best performing equity allocation over the last 10 years. The S&P 500 has returned 12.8% annually over that time. The MSCI EAFE index is composed of 795 companies from 21 developed countries and has an annual return of 4.77% over that period. The Euro Stoxx 50 Index (SX5E) is composed of 50 stocks from 11 Eurozone countries and has returned 4.93% annually over 10 years.

Convincing US investors to include international developed markets in their equity allocation is difficult. Diversification is an important component of a less volatile portfolio. But sacrificing 8% a year within the same asset class is a risk many are willing to take. Historical performance is not indicative of future returns.

Triathlon Partners' solution is location! There is a structured note on the Euro Stoxx 50 Index. It is a 5-year term, with a hard buffer of 40% and upside participation ratio of 1.9, uncapped.

The maximum loss is 60% of the initial investment. In 5 years if the index is down 50%, the issuer will return 90% of the initial investment (the 40% hard buffer has the issuer taking the first 40% loss, and the investor taking the remaining 10%). If the index is down 20%, the issuer will return 100% of the initial investment. If the index is up 20%, the issuer will return 138% of the initial investment, as the participation ratio is 1.9.

Triathlon Partners' extensive financial market and risk management experience provide a unique perspective on navigating opportunities in the market. Including an emphasis on product type (location) in our investment strategy can offer opportunities that can minimize volatility (buffer) and can maximize performance (participation ratio).

Structured notes are not appropriate investments for everyone. There are several risks associated with structured notes, these risks include but are not limited to: change in the terms before issue, the value of the note, in addition to the price of the index is dependent on implied volatility, interest rates and time until maturity, limited secondary market and poor liquidity, credit risk as the note is unsecured and unsubordinated debt obligations of the issuer.

Regards

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