



Structured Notes, a potential portfolio enhancer

Achieve a contingent level of
expected returns with downside
protection

Structured notes are outcome-based investments



~\$3T market with most major banks active participants

Globally, the structured notes market is estimated to be ~\$3T. Structured notes are issued by banks such as Barclays and JP Morgan.



Hybrid Security

Issued as a debt instrument, with coupons that are subject to performance of an underlying security, typically a single stock or basket of stocks



Fixed coupon and principal protection

Income structured notes pay a set yield on a predetermined schedule, while providing a level of downside protection, subject to certain performance criteria being met

Source: Morningstar. Market size estimate as of May 2020.

Structured notes have four main components



Underlying

Performance of a note generally tracks performance of an underlying asset - either a single stock, group of stocks or index.



Maturity

The time period over which a structured note is expected to be held.



Protection

The amount an investor is protected against price declines of the underlying asset without exposing themselves to principal or coupon loss



Coupon

The annual income an investor receives (paid quarterly), subject to performance of the underlying stock being met

An illustrative example

Consider the following structured note with features as described below:



Underlying

- Performance of a single stock Mastercard
- Measured by performance relative to the strike price



Maturity

- 18 months (6 quarterly observation periods)



Protection

- 25% downside

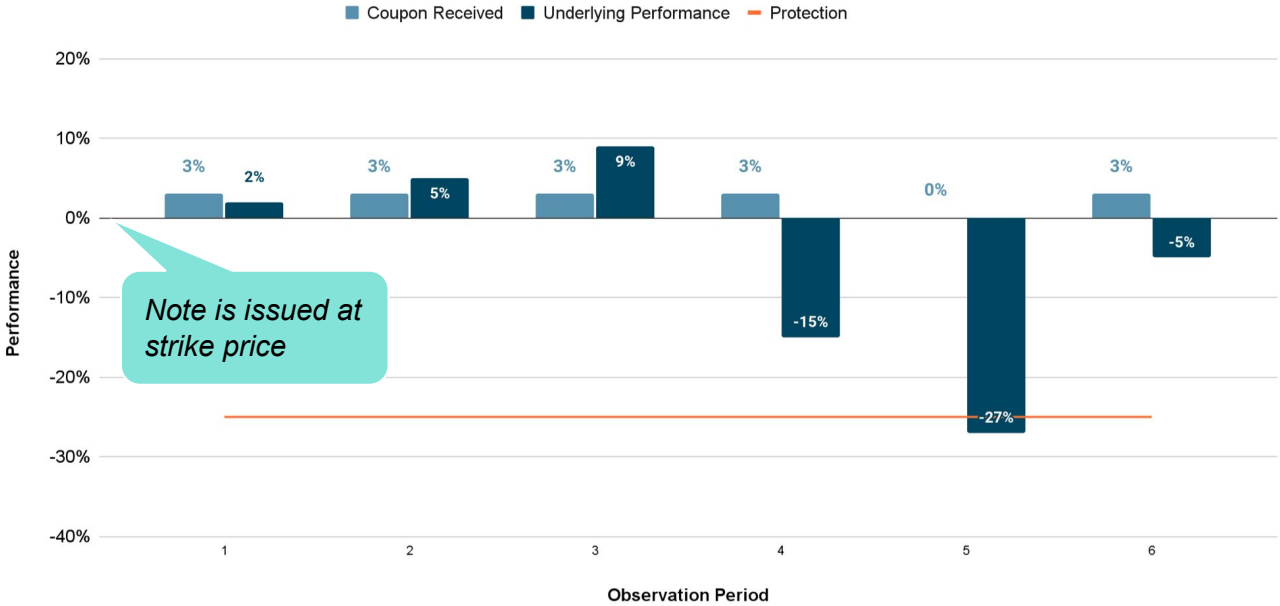


Coupon

- 12% coupon, (3% paid quarterly when criteria are met)

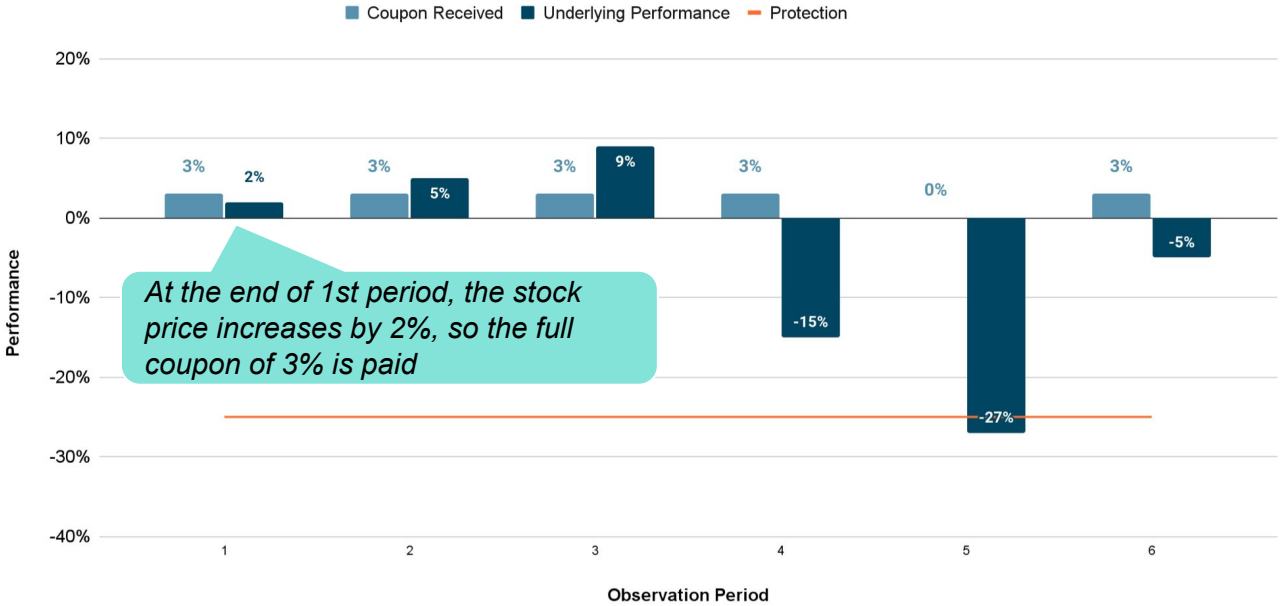
Structured Note of Mastercard

Illustrative Structured Note - Does Not Reflect Actual Performance



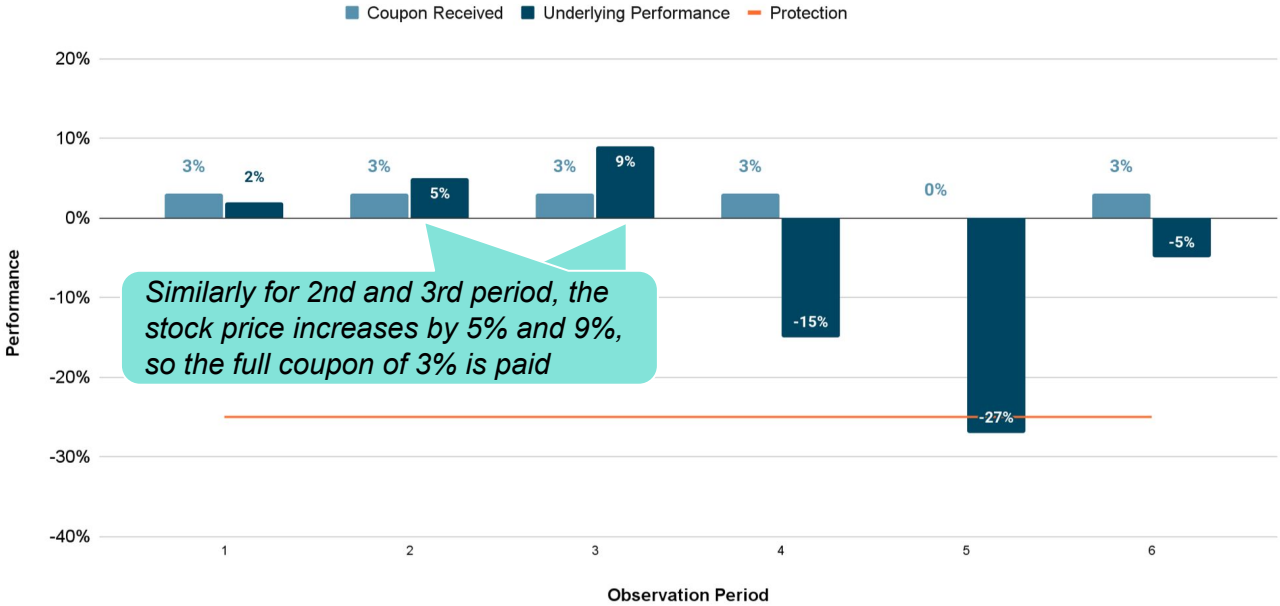
Structured Note of Mastercard

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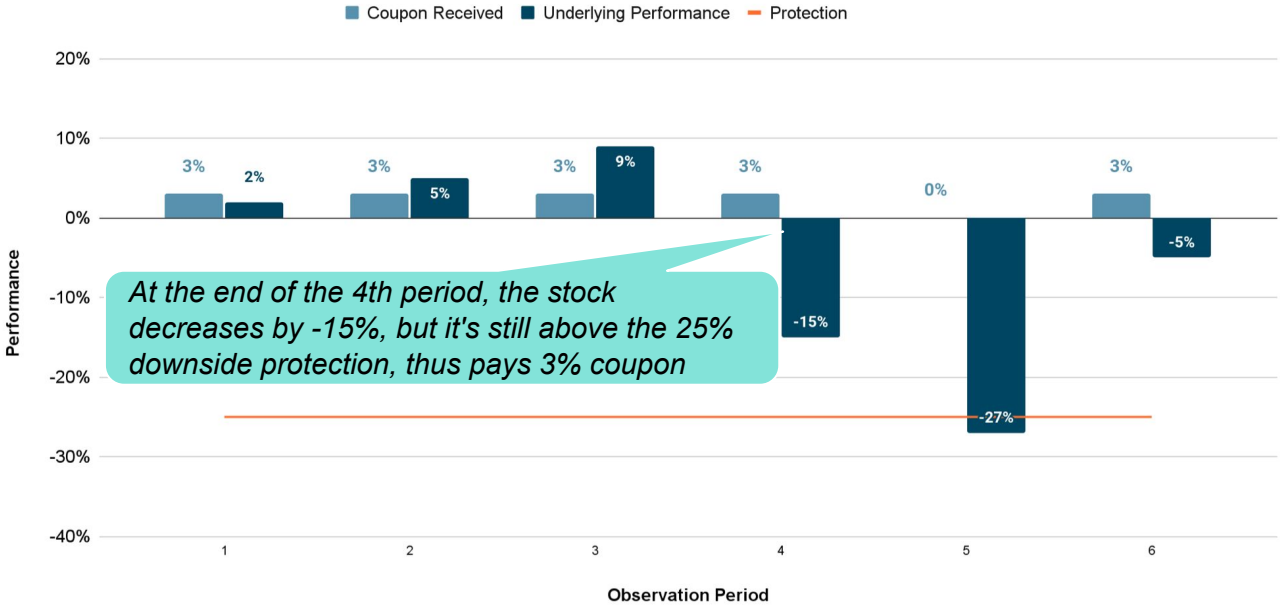
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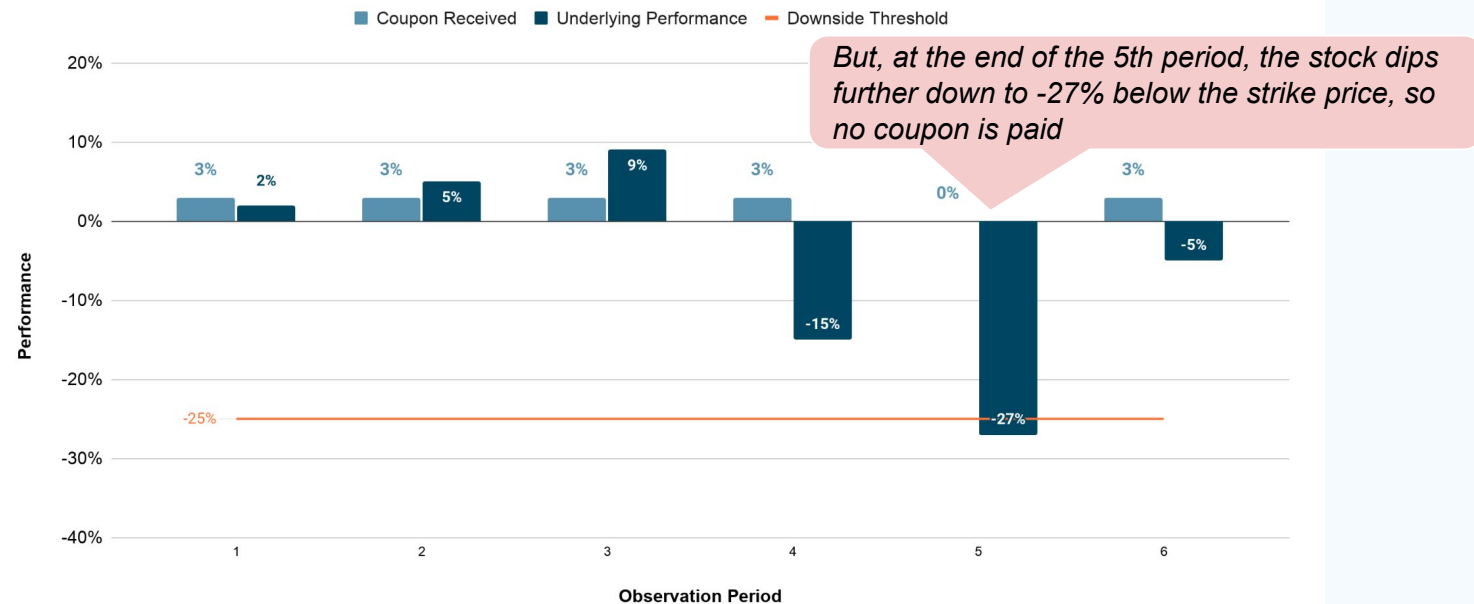
Structured Note of Mastercard

Illustrative Structured Note - Does Not Reflect Actual Performance



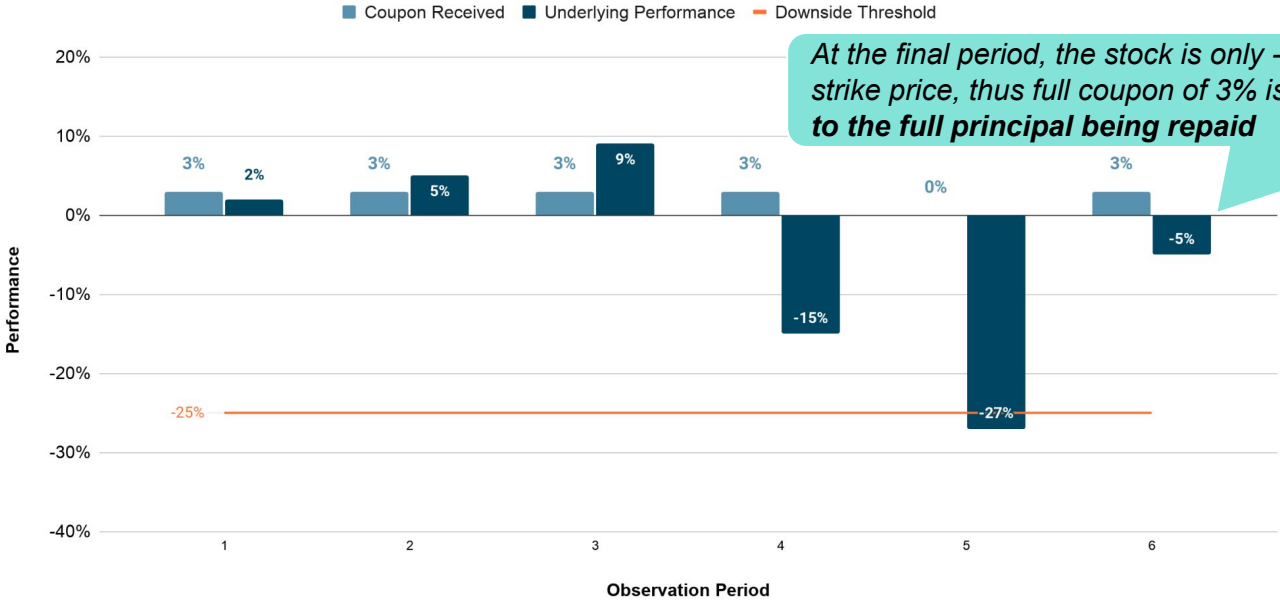
Structured Note of Mastercard

Illustrative Structured Note



Structured Note of Mastercard

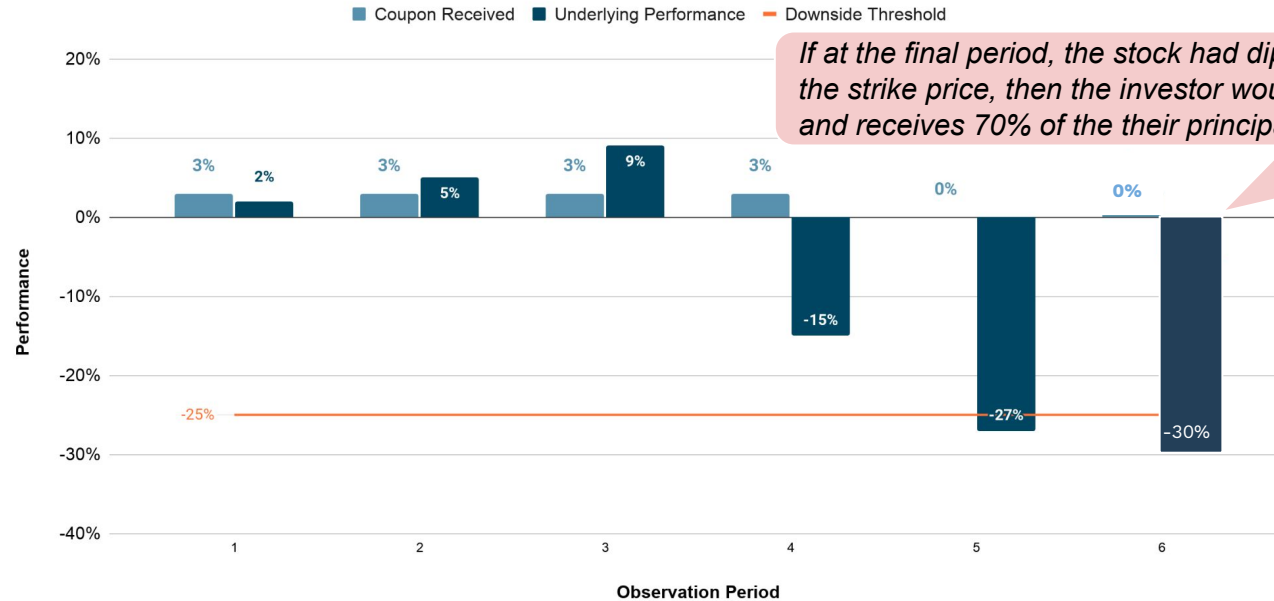
Illustrative Structured Note



*At the final period, the stock is only -5% lower than the strike price, thus full coupon of 3% is paid, **in addition to the full principal being repaid***

Structured Note of Mastercard (Alternate Scenario I - Downside)

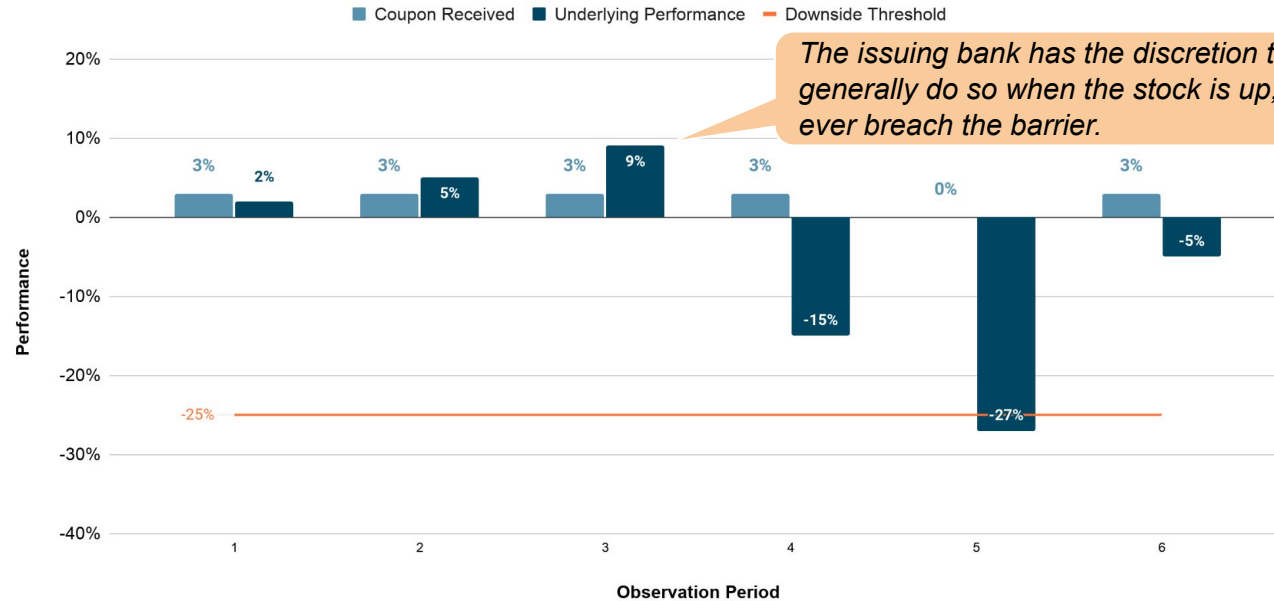
Illustrative Structured Note



If at the final period, the stock had dipped further to 30% below the strike price, then the investor would have lost the coupon and receives 70% of their principal

Structured Note of Mastercard (Alternate Scenario II - Call)

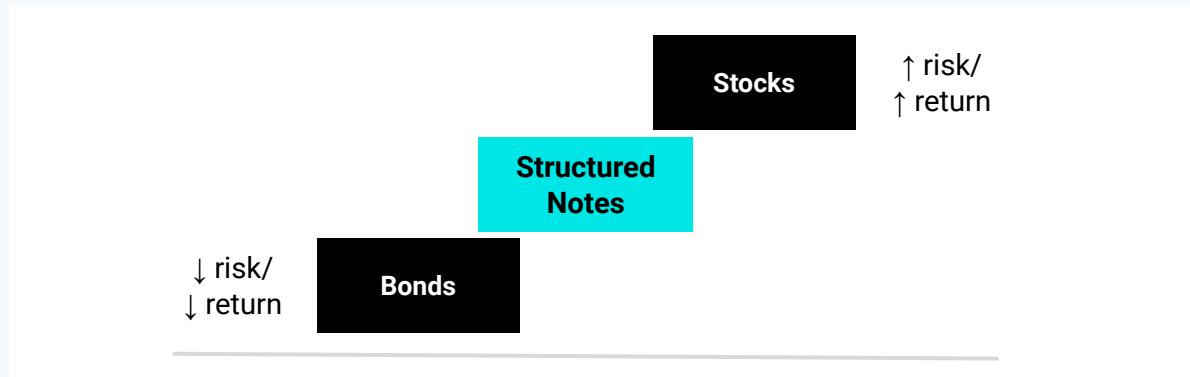
Illustrative Structured Note



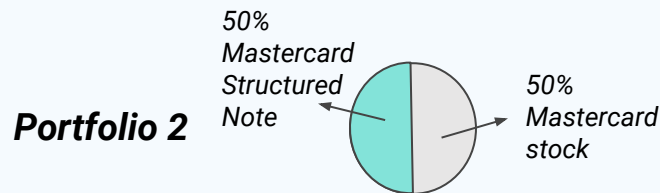
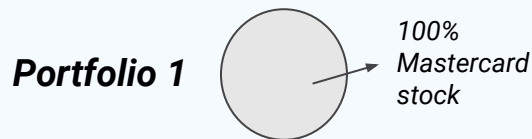
The issuing bank has the discretion to call the note. They generally do so when the stock is up, and they don't think it will ever breach the barrier.

Benefits of Structured Notes

- Predefined outcomes
- Help protect against losses, while also providing a target level of income.
- Improve the risk/return profile of your overall portfolio.
- Typically funded from the equity portion of one's portfolio



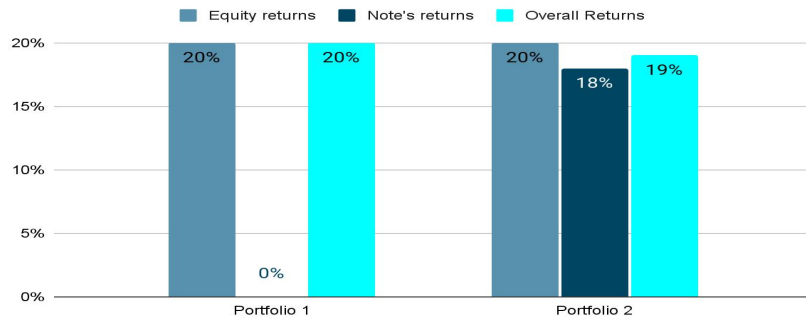
Creating A More Efficient Portfolio



Same note design as previous hypothetical: 12% coupon, 25% downside protection, 18 months

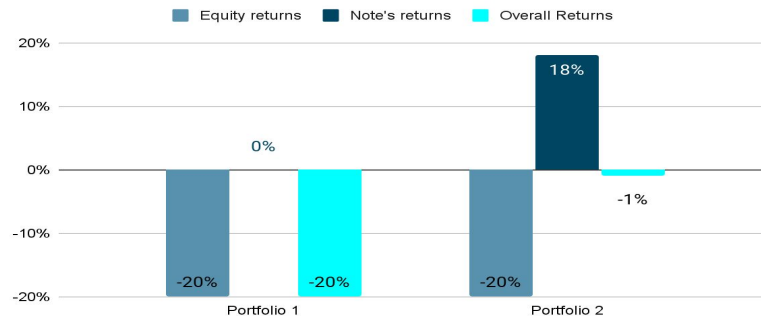
Scenario 1: Mastercard Stock **Increases 20%** after 18 months

Portfolio returns



Scenario 2: Mastercard Stock **Decreases 20%** after 18 months

Portfolio returns



How Yieldstreet is improving the structured notes experience

Increased Transparency

Note selection will have a predetermined process and eligible securities must meet certain criteria

Customized Structured Notes

Variety of notes linked to the performance of multiple investment themes that commonly feature in portfolios

Access to Structured Notes at Lower Mins

Previously over \$250K was needed to access the structured note product. Yieldstreet makes it possible for a fraction of the cost

Portfolio Management & Analytics

Track the performance, maturity and underlying returns of your structured notes portfolio on the Yieldstreet site

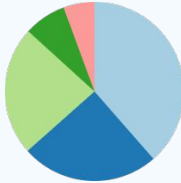
Yieldstreet's Product improves an individual Structured Notes offering

Multiple notes in a single investment

3 - 10
Notes

Target
Yields
between
7 to 12%

Four Themes



Diversified



ESG



Technology



Consumer

Reinvestment feature

2 year
maturity
of each
note

If a note gets called in the first year,
then the principal may be reinvested in
another note

2 year +
1 yr term
of each
offering

Yieldstreet's transparent note selection

Shortlisting stocks

Transparent process that requires each underlying stock to meet certain fundamental and technical characteristics in an attempt to reduce the likelihood of significant price decline

Selecting the notes

Underlying notes must provide at least 25% downside protection, quarterly coupons > 5% on an annualized basis, and have a 2-year term

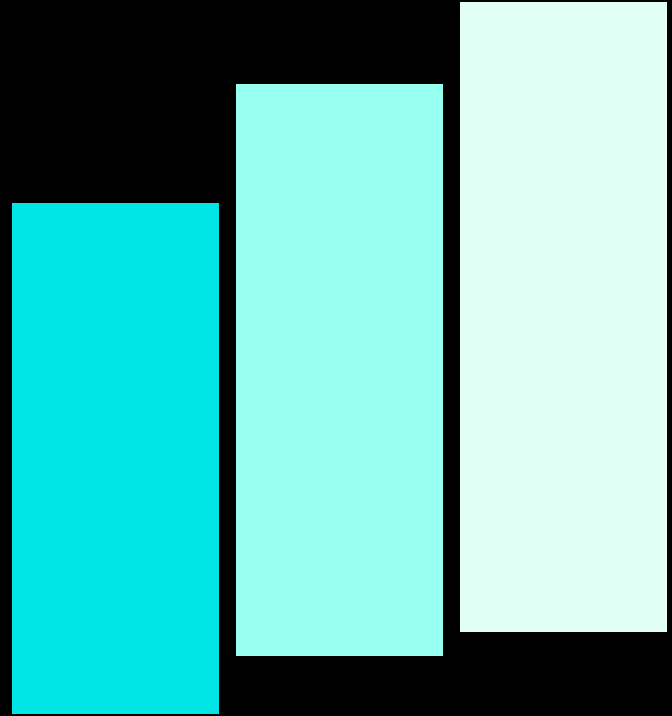
Post-screening parameters

Underlying notes will also meet post screening parameters including issuer diversification and sub industry concentration requirements

Note Issuer Diversification

Underlying notes will be purchased from an approved list of major issuers including Goldman Sachs, Morgan Stanley, JP Morgan, Citi, Bank of America & others

Disclaimer



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