

How did structured notes go from private banks to the mainstream?

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Structured notes began as bespoke investments for the wealthiest clients of global banks. Minimums ran into the millions, and terms were negotiated one family at a time. Thirty years later the terms are transparent, the issuers diversified, and access runs through every channel, from wirehouses to independent advisors to ETFs. US structured note issuance reached a record \$226 billion in 2025. That growth has come from widening access to something investors have always wanted, which is knowing their outcomes before they invest.

KEY TAKEAWAYS

01 Access, not a market call, drove the growth.

What began with private bank clients in the 1990s has steadily opened up to wirehouse clients, independent advisors, institutions and ETF investors. As minimums came down and notes became standardized, they no longer had to be built one client at a time.

02 Technology made notes behave like bonds.

Multi-issuer pricing put banks in competition on every trade, daily third-party valuation made notes possible to mark and sell, and individual CUSIPs settling through DTC let them sit in any custodial account rather than only at the issuing bank.

03 The growth held across market regimes.

US issuance roughly tripled from about \$72 billion in 2020 to \$226 billion in 2025, through near-zero rates, the 2022 selloff in stocks and bonds, and the rally that followed. Through August, 2026 is running 38.8% ahead of last year.

04 The market has matured.

Defined outcomes are now used by insurers, pensions and endowments alongside individual investors, a sign the asset class has moved well beyond its private bank origins.

Sources: SP Intelligence (SPi), US Market Reports, Dec. 2025 and Aug. 2026, and "How Buffer and Autocallable ETFs Are Reshaping the Structured Note Market," July 2026; Structured Retail Products (SRP); CAIS; Wall Street Journal via Columbia Law Review, 2023. Notes: Issuance figures come from different data providers whose methods differ. See Important Disclosures.

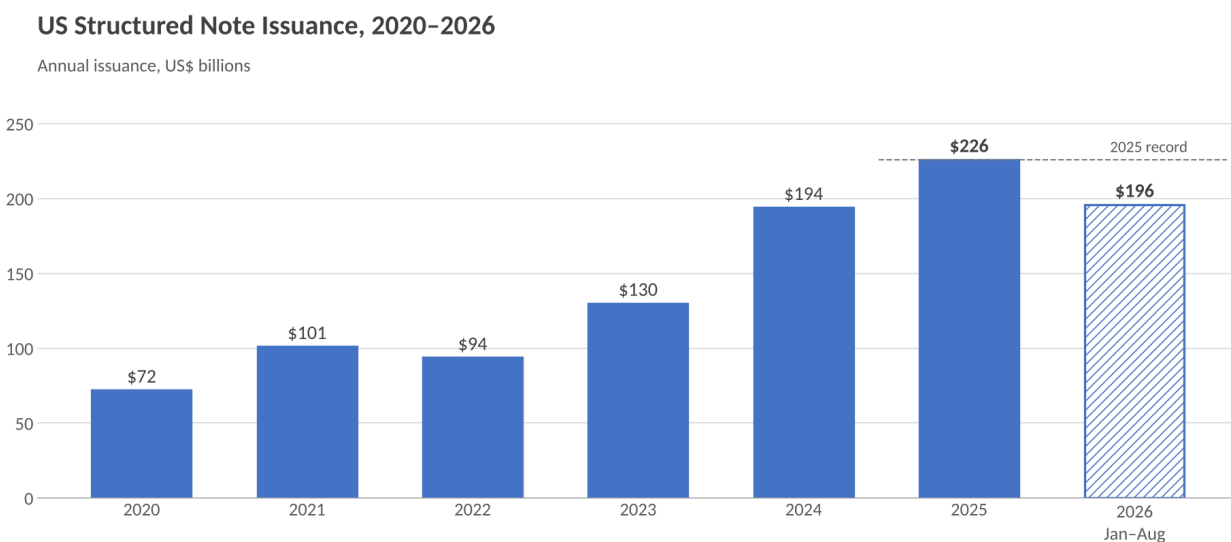
From private banking to institutions

In the 1990s, private banks built bespoke notes for ultra-high-net-worth families, with minimums in the millions and terms negotiated one client at a time. In the 2000s, wirehouses and standing bank issuance programs standardized the product, and SEC-registered notes brought minimums down and volumes up, while Asia Pacific grew into the world's largest market. In the 2010s, RIAs and family offices gained direct access to bank desks, and electronic platforms put issuers in competition on every trade. In the 2020s, insurers, pensions, endowments and treasuries have adopted notes across their portfolios. Separately managed accounts and buffer ETFs have also brought the same kinds of payoffs to individual investors.

Technology made each step possible. Multi-issuer pricing platforms put the same terms in front of several banks at once, so each trade is competitively priced rather than set by a single bank. Daily third-party pricing and a developing secondary market turned a bespoke instrument into something that can be valued and potentially traded like a bond. Because individual CUSIPs settle through DTC into any custodial account, there is no longer an operational reason to keep notes inside a private bank.

Notes: The historical phases described reflect the views of The Invictus Collective.

A market that grew through every regime



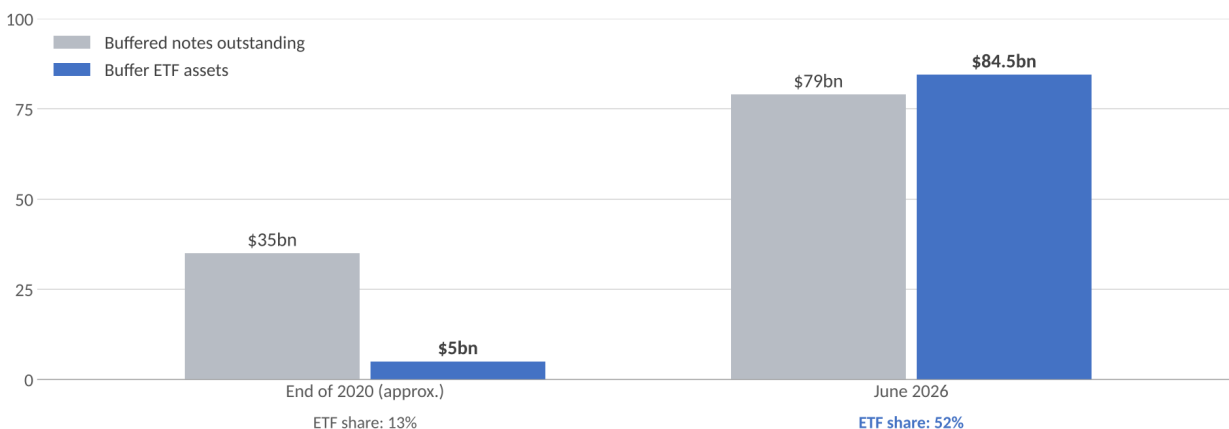
Sources: 2020: Wall Street Journal via Columbia Law Review, 2023; 2021–2022: SRP; 2023: CAIS estimate; 2024: CAIS citing SPi; 2025–2026: SPi. 2026 reflects January through August only. Providers' methods differ; read as a trend, not an exact level.

Issuance has grown through very different markets, from near-zero rates to the 2022 selloff in stocks and bonds, when it dipped only about 7%, to the rally that followed, setting new records in 2024 and 2025. That consistency suggests the demand is structural, with investors valuing a stated coupon, a known downside threshold and a fixed maturity in any market.

A wider market, not a rotation

Structured Note ETFs vs. Structured Notes

Buffer ETF assets and buffered notes outstanding, US\$ billions



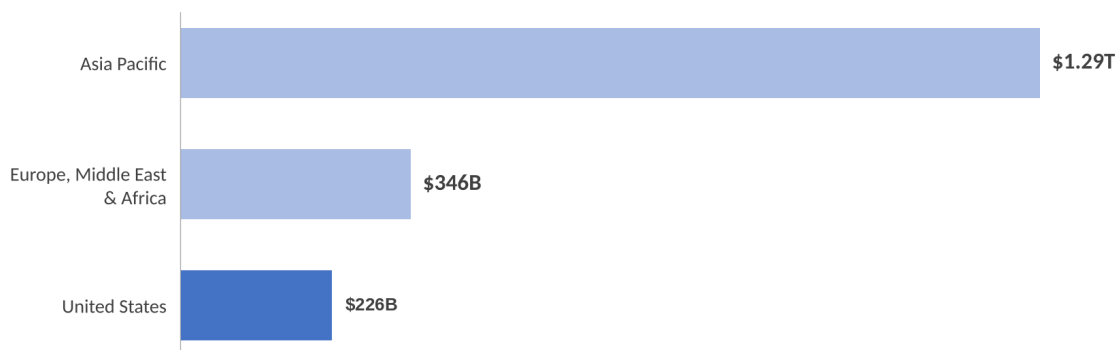
Source: SP Intelligence and Morningstar, via SPi white paper, July 2026. End-2020 values are approximate, derived from SPi's reported growth figures.

Defined outcome ETFs offer protection against a set range of losses over a defined period of time. They grew from roughly \$5 billion at the end of 2020 to \$84.5 billion by June 2026, while structured notes with similar protection more than doubled over the same stretch. The two tend to reach different investors and meet different needs. ETFs offer daily liquidity and standardized outcome periods, while notes offer fixed maturities, coupons, deeper protection and terms built around a specific objective.

A global market

Global Structured Note Sales, 2025

New sales by region, US\$



Sources: SRP Asset Class Report 2026; United States per TP ICAP. All figures are approximate 2025 new sales in US dollars.

Structured notes are a global market, and the US is one of its newer centers of growth. Asia Pacific led 2025 with an estimated \$1.29 trillion in sales, followed by Europe, the Middle East and Africa at \$346 billion. US sales reached \$225 billion, the smallest of the three, but much of that growth has come only this decade, leaving room for the market to keep expanding.

Defined terms, not a market call

Defined outcome solutions did not grow because of one market environment. They grew because each decade made it easier, cheaper, and more transparent to own an outcome set in advance. We use equity-linked structured notes in separately managed accounts, alongside defined outcome ETFs, to build income and protection into the terms of what clients own. Notes carry issuer credit risk, limited liquidity, and payments that can depend on market levels, so the right mix depends on your goals, timeline, and what you already own.

Every portfolio is different, and so is every conversation. Reach out, and we'll help you see how defined outcomes could fit alongside what you own today.

IMPORTANT DISCLOSURES

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Past performance and risk. Past performance does not guarantee future results. All investing involves risk, including the possible loss of principal. No investment strategy, including diversification or asset allocation, can ensure a profit or protect against loss.

Structured note risks. Structured notes are unsecured debt obligations of the issuing bank. Payments of principal and any coupons depend on the issuer's ability to pay; if the issuer defaults, investors may lose some or all of their investment. Structured notes are not FDIC insured. Contingent coupons are paid only if specified conditions are met and may not be paid at all. If the underlying asset falls below a barrier or beyond a buffer, investors may lose principal, in some cases one-for-one with the underlying. Upside may be capped, and notes may be called before maturity, limiting returns and creating reinvestment risk. Notes linked to the worst performer of several underlyings carry additional risk. There may be little or no secondary market; any issuer bid may be below the original price or estimated value, and notes may not be easy to sell before maturity. Notes include embedded fees and hedging costs.

Defined outcome ETF risks. Defined outcome (buffer) ETFs seek to provide stated outcomes only for investors who hold shares for an entire outcome period. Investors who buy or sell during an outcome period may not receive the stated buffer or cap. Upside is limited by the cap, the buffer does not protect against losses beyond it, and the cap and buffer are reset each period. These funds use derivatives and are subject to the risks of their options and counterparties. Investors should read a fund's prospectus carefully before investing.

Market data. Market size, issuance, and asset figures are estimates compiled by third parties from public filings and other sources. Different providers use different methods, so figures may not be directly comparable and are subject to revision. Charts are for illustration only.

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