

Brokered Certificate of Deposit

A brokered certificate of deposit (CD) is a CD that an investor purchases through a brokerage firm (like Davenport & Company) rather than a bank. Although the bank initiates the Brokered CD, it engages with Dealer firms to locate potential investors. Brokered CDs are similar to bank CDs except they can be traded in the secondary market. If held to maturity, the holder of a brokered CD will receive his or her full principal with interest.



Benefits of Brokered CDs

- Access to CDs issued by a wide range of banks, with various maturities from 3 months to 10 years which are screened for the highest quality
- CDs may offer higher yields than savings accounts and treasuries
- FDIC Insurance: \$250,000 per account, per institution*
- Survivor Option: Upon death or adjudication of incompetency, this feature allows your designated beneficiaries to redeem Brokered CDs at their principal value with accrued interest prior to maturity.
- Liquidity: Unlike bank CDs, there is a secondary market for brokered CDs with no prepayment penalties like most Bank CDs. They trade like bonds so are subject to market risk.
- Diversification: Davenport customers can purchase CDs from multiple banks and hold them in a single Davenport account.

Davenport Financial Advisors have full access to the Fixed Income department, including liaisons and bond traders who actively monitor CD offerings on a daily basis.

*Brokered CDs are debt obligations of the issuing financial institution. Should the issuer become insolvent, the Federal Deposit Insurance Corporation (FDIC), an independent agency of the United States government, protects your principal investment. Protection is only up to the allowable insurance limits, generally \$250,000 per account ownership category per financial institution.

Certificates of Deposit (CDs) are deposits of the issuing bank and as such are FDIC insured. The standard insurance amount is \$250,000 per depositor, per insured bank for each ownership category. CDs sold prior to maturity trade in the secondary market; and as with any fixed income investment sold before maturity, the principal may be worth more or less than your initial investment amount. Yield to Maturity as of (date). Subject to market conditions and availability. Call features apply. Diversification and Asset Allocation does not ensure a profit or guarantee protection against a loss. Bonds are subject to market and interest risk; values expect to decline as interest rates rise. Bonds may not be suitable for all investors and you should consider specific risks such as credit risk, default risk and volatility prior to investing.