



# TOB Senior Certificates

## Overview of Risks and Considerations

TOB Senior Certificate Risks		
Risk	Explanation	Consideration
<b>Trigger Price Risk</b>	If the bond price decreases below required OC levels, the residual investor may de-lever or unwind the trust	Investor should evaluate Bond Price Risks mentioned here and be aware that transaction can unwind early
<b>DB Credit Risk</b>	TOB Senior Certificates investors take collateralized credit exposure to the underlying muni bond backed by a put to Deutsche Bank	DB is currently rated Baa2/BBB+/A-; Investor has 5 business day put option and can exit the transaction in advance of a credit event
<b>Tender Option Termination Events (TOTE) Risk*</b>	TOTE events include Taxability/Bankruptcy/Credit downgrade below investment grade/Failure to pay	Upon occurrence of any of these events, TOB Senior Certificate holders lose their right to tender and instead the bonds are sold. The proceeds are used to pay the TOB Senior Certificate Holders, if not sufficient, they receive the underlying bonds in kind
<b>TOB Senior Certificate Rate Risk</b>	Investor receives floating rate that resets periodically based on the benchmark rate and remarketing spread set by the remarketing agent. The spread and the benchmark rate can reset lower/higher based on the current market environment	Can be addressed by modifying the tenor of the TOB Senior Certificate

Muni Bond Price Risks		
Risk	Explanation	Consideration
<b>Interest Rate Risk</b>	Broad, risk-free rates increase	Possible to partially / fully hedge to offset rate risk
<b>Muni Market Spreads</b>	Muni market spreads, measured as the difference between MMD and LIBOR, may increase	Investor must be comfortable that MMD cannot be directly hedged through interest rate swaps
<b>Idiosyncratic Credit Spread</b>	Specific credit quality of the issuer deteriorates, increasing the single-name spread	Muni Bonds have historically experienced a very low default rate; Investors can select names across ratings and sectors that fits specific risk / return appetite
<b>Liquidity Spread Risk</b>	Specific bonds may contain nonstandard or complex features, leading to a wider single-name spread, especially in times of market stress	Investors must be comfortable with the inherent higher risks associated with less liquid bonds, as perceived by the general market that determines the price over time
<b>Optionality / Callability</b>	Callable Muni Bonds are generally called when economically advantageous to the issuer, not the investor	Investors must be comfortable that the duration of callable bonds can change quickly, depending on the market's view of the likelihood of being called, taking into account the costs of issuing refinancing bonds

Deutsche Bank \* For full list of Unwind events please refer to Master Terms of Trust Agreement and Series Documents, DB can provide additional information upon request  
 All transactions subject to final credit, legal, tax, and other internal DB approvals. DB is not a financial, accounting, or tax advisor to Investor and Investor should consider carefully with their advisors prior to executing any transaction. Further information can be provided upon request.

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