

# INCAPITAL

“BONDS MADE SIMPLE”

INCAPITAL thinks that individual investors should play an important role in the corporate debt market. While this may be dismissed by old school bankers, InCapital is proving its point. It has partnered with leading corporate issuers and a network of broker-dealers to provide individual investors with an opportunity to purchase new issues of investment grade corporate bonds and agency securities.

InCapital is a Chicago-based broker-dealer and investment banking firm that started life in 2000. By early 2004, InCapital had underwritten and distributed continuously offered retail corporate bonds valued at over \$30 billion from its domestic platform, called InterNotes. In 2004, InCapital brought the simplicity and consistency of this retail bond platform to European issuers and investors by introducing Euro InterNotes. Issuers, in the United States and Europe alike, can diversify their investor base and raise money through weekly bond offerings.

InCapital has continued to innovate in the fixed income product market, launching its i-LINX and e-LINX structured note product portfolios in 2004. Structured notes are debt securities with embedded derivative elements, meaning that they derive at least part of their value from a reference security (equity-linked notes) or from a reference index (index-linked notes). Rather than paying a straight fixed or floating coupon, the interest or principal payments of structured notes are tailored and can be very simple or highly complex. Like corporate bonds, structured notes were the province of institutional investors.

Changing the decades old ways in which issuers, broker-dealers and investors think about corporate debt has not been easy and will not happen overnight. InCapital is getting it done and MoFo is helping to achieve InCapital's goal of empowering the individual investor. InCapital and MoFo are hard at work on the next generation product for retail investors: a security that mimics the benefits of a bond fund.