

ALTERNATIVE INVESTMENT SOLUTIONS

SERVE INVESTOR NEEDS AND UNCOVER A GROWTH OPPORTUNITY



DIVERSIFY CLIENT ASSETS AND DIFFERENTIATE YOUR BUSINESS

COMPREHENSIVE AND FLEXIBLE ALTERNATIVE INVESTMENT SOLUTIONS

Recent market volatility has driven a growing interest in the potential for alternative investments to hedge portfolio risk and increase returns. In an environment of rising volatility, a well-diversified portfolio should include investments that seek to enhance diversification beyond stocks and bonds, reduce overall portfolio volatility and potentially generate superior risk-adjusted returns. Particularly for sophisticated investors, alternative investments have emerged to fill these needs. Making alternative investments available to appropriate investors can help you grow and differentiate your business.

A wide array of alternative investment choices, including no-fee investments, are supported through Pershing, a BNY Mellon company:

- › Business development companies
- › Direct participation programs (DPPs)
- › Funds of hedge funds
- › Hedge funds
- › Limited liability corporations
- › Limited partnerships
- › Managed futures
- › Non-traded real estate investment trusts (REITs)
- › Private equity



COMPREHENSIVE SOLUTIONS TO SUPPORT YOUR BUSINESS

Your clients look to you to deliver comprehensive, customized portfolio solutions that can meet their full range of investment needs. To that end, Pershing has created the Alternative Investment Network, a platform designed to provide a range of alternative investments to help your firm stay ahead of the curve in this growing asset class.

COST EFFECTIVE AND TRANSPARENT

Pershing has a cost-effective, transparent solution for firms at all levels of involvement with alternative investments. Pershing provides access to thousands of alternative investments for firms that want to expand their solutions to help meet investor needs. Firms that already provide alternatives can benefit from our seamless and efficient back-office management, which includes custody, reporting and daily position tracking on a single platform that can accommodate both third-party and proprietary alternative investments.

FINE-TUNE RISK AND RETURNS

Alternative investments can potentially fine-tune risk and return in your clients' portfolios. Keep in mind that alternative investments have a unique set of risk considerations and not all investors are suitable for such investments. The primary purpose of alternative investments is to enhance diversification benefits in a portfolio by lowering risk.

With their historically low or negative correlation to traditional asset classes, alternative investments may be able to reduce exposure to broad market volatility inherent in conventional stock and bond investments. As such, an allocation to alternatives within your clients' portfolios can be used to help fine-tune risk-adjusted returns.

BENEFITS TO INCLUDING ALTERNATIVES IN CLIENT PORTFOLIOS

For appropriate clients, alternatives can be an important component in a well-rounded portfolio.

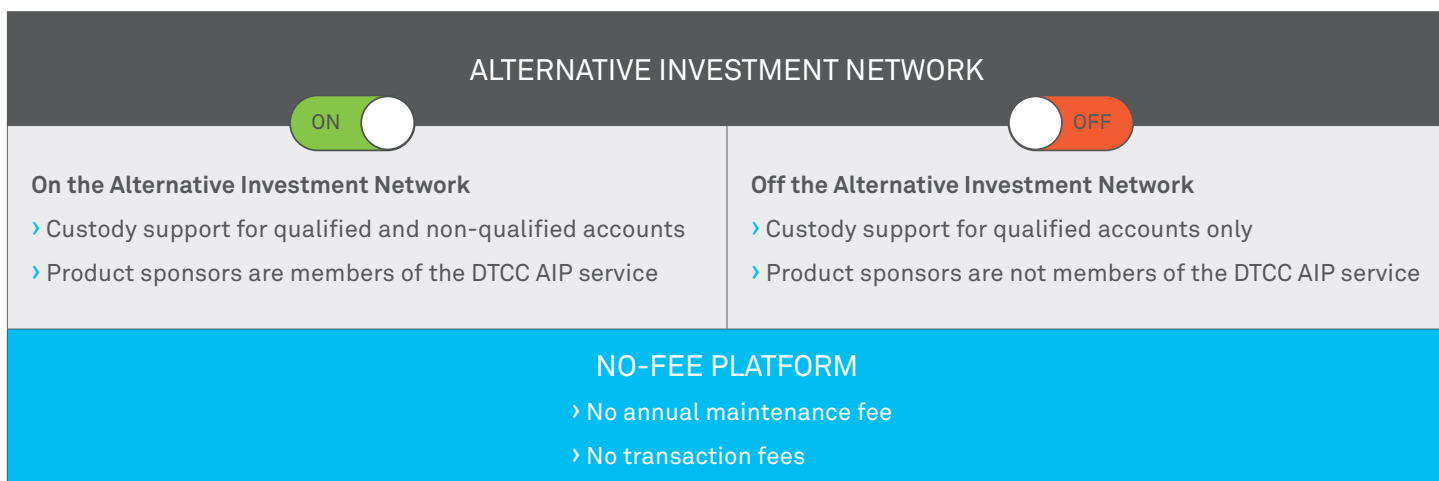
- Further diversify beyond traditional asset classes
- May yield strong performance in a stock market decline
- May provide low correlation to other investment asset classes
- Potential for enhanced returns in many different economic environments
- Further complements core holdings in a portfolio
- Potential to help reduce overall portfolio volatility

PERSHING'S ALTERNATIVE INVESTMENT NETWORK

Pershing's Alternative Investment Network can help make your business more efficient by providing a single, simple solution for managing your clients' alternative investments in both qualified and non-qualified accounts. Several hundred alternative investment choices, including select no-fee funds, are serviced in non-qualified accounts for our Alternative Investment Network product participants both on and off the network.

PERSHING CUSTODY SERVICES THROUGH THE NETWORK

The chart below shows how Pershing supports alternative investments both on and off the Alternative Investment Network. Only product sponsors that elect to be part of the network and are members of the The Depository Trust & Clearing Corporation Alternative Investment Product (DTCC AIP) service are eligible to participate.¹ No-fee alternative investments are available both on and off the network, and all investments must go through Pershing's eligibility review.



SOLUTIONS BEYOND THE NETWORK

Beyond Pershing's Alternative Investment Network, you can also access additional exchange-traded fund (ETF) and mutual fund strategies for your clients through our ETF and Mutual Fund Centers in NetX360®. Available strategies range from diversified arbitrage funds and long/short funds to managed futures funds and other solutions. What's more, you can take advantage of Pershing's custody services to grow your business and consolidate more of your clients' assets—even for those investments that are not currently on Pershing's Alternative Investment Network.

¹ AIP is a service of National Securities Clearing Corporation, a DTCC subsidiary.

ADVANTAGES OF THE PERSHING PLATFORM

Through our platform, Pershing provides tools and resources to efficiently manage and grow your entire alternative investment business.

BUSINESS GROWTH

- › Opportunity to capture more assets
- › More time for client service and business building
- › Facilitates advisory business
- › Centralized sales process
- › Access to automated research, management and modeling tools

EASE OF USE

- › Single platform
- › Single account opening process
- › Centralized servicing
- › Consistent processes, methodology and delivery
- › Combined account information
- › Combined statements

INDUSTRY LEADER

Pershing was the first member of DTCC's AIP service. DTCC AIP standardizes industry processes and reviews alternative investment assets for custody. Note that all investments must pass Pershing's eligibility review and only alternative investments registered with DTCC AIP are available on Pershing's Alternative Investment Network.

THE CHANGING REGULATORY ENVIRONMENT

In recent years, there has been increased regulatory scrutiny of alternatives. Advisors who support alternatives must have the appropriate prerequisite training and procedures must be documented properly and updated regularly as regulations evolve.

Pershing's eligibility review complements your firm's due diligence process. While your firm is still responsible for due diligence, Pershing's eligibility review process can uncover potential operational issues. One of the advantages of the Pershing platform is its focus on strong operational procedures, which are a key component of overall due diligence.

ONLINE ORDER ENTRY

Through Pershing's NetX360 platform, you can enter and track alternative buy orders electronically, solving some of the challenges of submitting orders outside of NetX360. Online order entry will help you manage your clients' alternative investments, similar to other investments.

Key benefits include:

- › Increased transparency
- › Full audit trails
- › Automatically capture and report cost basis information of select alternative investments
- › Available for non-qualified and qualified accounts

ALTERNATIVE INVESTMENT CENTER

Pershing's Alternative Investment Center is a central resource for all your alternative investment research and analysis needs. You can quickly access a wealth of information and tap into time-saving functionality through the center. Features available include:

- › Screener tool to view and filter a real-time list of alternative investments on Pershing's platform, including the Alternative Investment Network and no-fee providers
- › Comparison tool to easily compare and evaluate non-traded REITs
- › Valuable research, industry commentary and educational resources from Morningstar®
- › Quarterly non-traded REIT industry reports from Blue Vault Partners, the first independent research firm to monitor non-traded REITs

THE STRENGTH OF PERSHING, A BNY MELLON COMPANY

With Pershing's heritage spanning more than 75 years, you can have confidence that your business is in good hands and that you can focus on achieving your goals. Pershing is the trusted choice of more financial organizations than any other firm in the industry,² with an unmatched track record of experience. We can provide your firm a highly customized, personal approach, a deep understanding of your business and a comprehensive range of institutional quality global solutions to help meet your every need. Whether you are looking to attract assets, improve margins or take your business in new directions, Pershing can help turn your vision into reality.

For more information about Pershing's Alternative Investment Solutions, visit pershing.com or contact your Account Manager or Relationship Manager.

² Based on number of broker-dealer clients, *InvestmentNews*, August 2014.



WE ARE PERSHING. WE ARE BNY MELLON.

Pershing, a BNY Mellon company, and its affiliates provide global financial business solutions to advisors, asset managers, broker-dealers, family offices, financial organizations, fund managers and registered investment advisory firms. A financial services market leader located in 23 offices worldwide, we are uniquely positioned to provide advisors and firms global insights into industry trends, regulatory changes and best practices, as well as shifts in investor sentiment and expectations. Pershing provides solutions-including innovative programs and business consulting-that help create a competitive advantage for our clients.

PERSHING LLC.

As the New Model Clearing Firm™, Pershing LLC provides a broad suite of financial business solutions so advisors and broker-dealers can drive their business forward in a dynamic industry and regulatory environment. We are the #1 clearing firm in the U.S.* and our clients range from full service, institutional and independent firms to self-directed and bank-affiliated broker-dealers and span the globe. With a keen eye on delivering dependable operational support, robust trading services, flexible technology, an expansive array of investment solutions, practice management support and service excellence, our solutions help advisors and firms manage their businesses efficiently and serve their clients effectively. Pershing LLC (member FINRA/NYSE/SIPC) is a BNY Mellon company. To learn more, visit pershing.com.

*Based on number of broker-dealer clients, *InvestmentNews*, August 2014.

Pershing makes no recommendation of alternative investments and reserves the right to change the investment vehicles available or discontinue investments at its sole discretion. Alternative investments are speculative and involve a high degree of risk and may engage in the use of leverage, short sales and derivatives. These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

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