# Pershing® In Brief

A BNY MELLON COMPANY℠

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## Our Mission

- Deliver innovative solutions and service excellence to help clients, advisors and investors achieve their goals
- Demonstrate leadership to shape the future of our industry and help our clients adapt to industry change
- Foster a work environment that values inclusion, diversity and teamwork, while offering associates opportunities for personal development and growth
- Support company and associate commitment to local communities around the world
- Responsibly achieve long-term financial results for clients and shareholders

## Our Strategic Objectives

- Create new and diversified revenue sources for our clients and our company
- Develop consultative relationships with new and existing clients
- Continuously improve the client, advisor and investor experience
- Develop innovative product, service, technology and business solutions
- Create opportunities for associate development and growth
- Deliver the whole company to create value for clients and shareholders
- Improve productivity and profitability for clients and shareholders

# About Pershing

Pershing LLC (member FINRA/NYSE/SIPC), a BNY Mellon company, is a leading global provider of financial business solutions to more than 1,500 institutional and retail financial organizations and independent registered investment advisors who represent approximately 5.5 million active investor accounts.

## Pershing

### Long history in the financial industry

- Over 70 years experience serving financial services intermediaries
- Tenured management team with an average 17 years of industry experience

### #1 ranked clearing firm by *InvestmentNews*[1]

- Approximately $1.06 trillion in global client assets
- 1,500 financial organizations that collectively represent approximately 5.5 million active investor accounts
- Approximately 6,000 associates dedicated to providing business solutions

### Financial strength and stability

- Committed to the safekeeping, servicing, segregation and reporting of global client assets
- Our financial strength provides the foremost measure of protection of global client assets (though does not protect against loss due to market fluctuation)

## BNY Mellon

### Long history in the financial industry

- The Bank of New York, its earliest predecessor, was the first bank in the United States

### One of the world's largest custodians[2]

- $26.2 trillion in assets under custody and/or administration
- $1.4 trillion in assets under management

### Financial strength and stability

- Senior long-term debt rated Aa1 by Moody's[3]
- Market capitalization: $29.9 billion
- Total assets: $359 billion
- Tier 1 capital ratio: 15.0%
- Tangible common equity to tangible assets of operations, non-GAAP: 6.4%[4,]
- Fee income ratio (ex. net securities gains): 78%[4]

[1] Ranked by broker-dealer clients 2008-2012.

[2] *Institutional Investor*, 2012—World's Largest Global Custodians.

[3] December 2012.

[4] Common equity less goodwill and intangible assets adjusted for deferred tax liabilities associated with non-tax deductible intangible assets and tax deductible goodwill, divided by total assets less assets of consolidated investment management funds, goodwill, intangible assets and cash on deposit with the Federal Reserve and other central banks. Non-GAAP adjusted. Additional disclosures relating to non-GAAP measures are contained in BNY Mellon's reports filed with the SEC, including Form 8-K filed with the SEC on January 16, 2013 and available at www.bnymellon.com.

As of December 2012.

# Recent Honors

InvestmentNews

Number 1 U.S. Clearing Firm ranked by broker-dealer clients (2008-2012)

DALBAR RATED 2007 – 2013 COMMUNICATIONS EXCELLENCE

Received "Excellent" designation in the brokerage statement category of the annual Trends and Best Practices in Investor Statements (2007-2013)

hedgeweek USA AWARDS 2012

2012 Best North American Prime Broker

Pershing Prime Services

PAM PRIVATE ASSET MANAGEMENT

2012 Best Family Office Service Provider in Client Service

Pershing Advisor Solutions LLC, a BNY Mellon company

CERTIFIED CUSTOMER SERVICE ORGANISATION ICSS

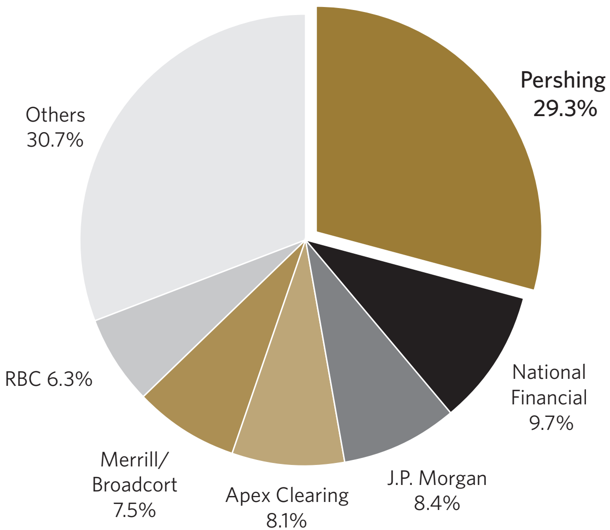
Pershing LLC Gold Certification September 2012 - August 2015

In 2012, Pershing received Gold Class certification as a customer service organization from the Customer Service Institute of America (CSIA).

Pershing achieved the highest score that the CSIA has ever given to any organization and is now the first Gold Class certified financial services company in the U.S.

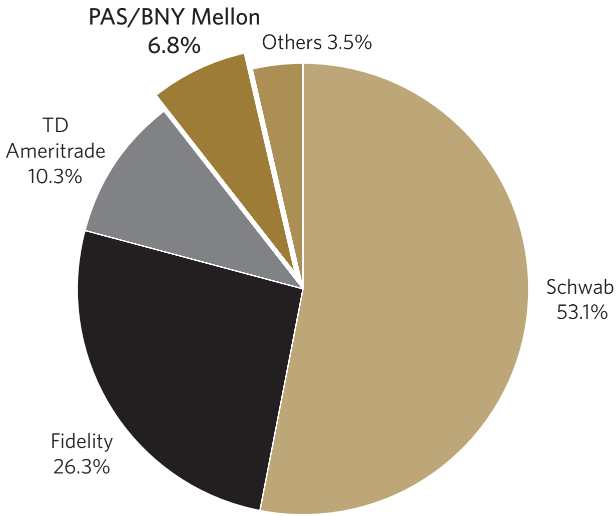
As of December 2012.

## U.S. Introducing Broker-Dealer Segment Market Share by Number of Introducing Broker-Dealers




Source: *InvestmentNews* Databook, July 2012. Apex Company Press Release.
Note: Others includes: Wedbush Securities, Southwest Securities, Goldman Sachs, Sterne Agee, First Clearing, First Southwest, Legent, Raymond James, LPL and Mesirow.

## Service Agent Market Share by Assets Under Custody




Source: Cerulli Associates, Q1 2012.
Note: Others includes: LPL Financial, Trust Company of America, RBC Advisor Services and Shareholder Services.

## Broker-Dealer Solutions

As the New Model Clearing Firm™, Pershing LLC makes available a complete suite of financial business solutions to help broker-dealers drive their business forward in a dynamic industry and regulatory environment. Our clients range from full service, institutional and independent firms to self-directed and bank-affiliated broker-dealers. We are the industry's largest global outsourcing provider,[1] offering clearance in 66 markets including Euroclear, order execution in 60 markets and foreign exchange in 51 countries.

### The Broker-Dealer Platform

- Global scale to invest in a service model to reduce a firm's operational expenses and handle increased volume
- Market-making and sales support efforts focused on best execution for U.S. and non-U.S. orders, with a combination of dedicated desks and electronic trading tools tailored to each broker-dealer's needs
- Flexible technology to meet the needs of a global business model, seamlessly meshing Pershing's proven multicurrency platforms with a broker-dealer's choice of proprietary or third-party solutions
- Forward-thinking global investment solutions to help keep our clients' businesses ahead of the competition
- Practice management and thought leadership programs to help firms drive growth, optimize human capital, maximize operational efficiency and manage risk
- Proven reliability and an array of global services that range from conversion support to a 24-hour help desk and comprehensive disaster recovery capabilities

[1] *InvestmentNews* Databook, July 2012.

# Registered Investment Advisor Solutions

At Pershing Advisor Solutions, our mission is to help large, growth-minded advisors maximize the value of their businesses—and excel at serving their sophisticated, high-net-worth clients. As the New Model Custodian™, we have rebuilt our business from the ground up and introduced a new blueprint for the custody industry. We help investment managers, wealth managers and family offices thrive in today's dramatically changed industry environment.

## The Advisor Platform

- Pure business-to-business provider that puts the advisors' interests first
- Flexible and client-centric service model that provides the service advisors need to support complex client needs
- Agnostic wealth management solutions to help build and protect clients' wealth
- Open architecture technology platform that allows advisors to serve their business, no matter the business model
- Consulting and practice management support to help growth-minded advisors address the challenges facing them: growth, operational efficiency, human capital and risk

# Prime Brokerage Solutions

As the New Model Prime Broker™, Pershing Prime Services delivers a comprehensive suite of prime brokerage solutions. We provide stable counterparty strength, extensive access to global securities lending, alternative sources of finance, dedicated client service, robust reporting tools, global execution and custodial solutions through the integrated platform of BNY Mellon.

## The Prime Brokerage Platform

- An unbiased approach, as our trading desks focus on client facilitation
- Expansion of BNY Mellon's services without adding a new counterparty outside the BNY Mellon family
- Tri-party account/prime custody model for '40 Act funds, eligible pension funds, endowments and foundations
- A large pool of lendable securities and assets
- Strength and stability to help mitigate counterparty risk
- Open technology platform and flexibility with account structures
- Transparency by working with a third party to provide real-time data, independent oversight and reporting
- High-touch service from experienced professionals
- Advanced financing solutions
- Access to large external lending programs and hard-to-borrow securities

Albridge Solutions, Inc. provides the foundation for financial organizations to leverage a single source of consistent and reliable information to power a number of mission-critical technology applications.

### Business Intelligence

- Fully integrated, comprehensive Business Intelligence suite centralizes many types of data into one enterprise repository—eliminating needless duplication of systems, data and processes
- Quick and easy deployment, without compromising functionality

### Compliance Management

- Core data management solutions offer turnkey, multi-custodial compliance management capabilities
- From automation of sales practice monitoring, to responding to ad hoc inquiries, to implementing standard and auditable business processes on a regulatory compliant platform

### Enterprise Data Management

- Account information from hundreds of data sources is collected, consolidated and delivered, providing a single client view
- Data is uniformly managed, made accessible and useable

### Interoperability

- Flexible, common framework for interoperability brings together diverse systems to help automate business processes across an organization
- Both advisors and back-office professionals leverage preferred business applications using a single source of data

### Operations Management

- Benchmark operating metrics, streamline workflow, automate processes and identify key areas for improvement to better manage operational responsibilities

### Performance Reporting

- Multi-custodial client account data is consolidated from hundreds of sources onto one online platform, so firms can report investor performance at the individual holding, asset class, account or household level, on demand

### Coates Analytics

- Anytime, anywhere access to data and analytical tools through a secure, comprehensive, Web-based modular solution
- Develop accurate strategies and execute specific actions, guided by day-to-day operational oversight

## The Managed Investments Platform

- The industry's largest provider of third-party managed investment enterprise solutions[1]
- Approximately $310 billion in assets under administration, servicing more than one million client accounts[2]
- $15.9 billion in advisory assets under management, with more than 126,000 advisory client acccounts[3]
- Supporting over 150 enterprise clients[2]

### Enterprise Solutions[4]

- Customized platform solutions
- Integrated, multi-product solutions provided within a single user experience
- Comprehensive, flexible capabilities
- Operational efficiencies via streamlined tools and processes

### Investment Advisory[5]

- Investment management, research services and portfolio design
- Solutions for investors across the wealth spectrum—from high net worth to emerging affluent
- Turnkey, co-advisory and sub-advisory arrangements
- Institutional investment advisory experience for retail investors

### Asset Manager Outsourcing[6]

- One of the industry's largest outsourcing providers, with over 20 years of experience
- Cost-effective and scalable infrastructure
- Open-architecture design facilitates efficient expansion

[1] The Cerulli Edge, Managed Accounts Edition, 4Q 2012 Issue. Lockwood/Pershing is listed as the largest "Nonadvisory Third-Party Vendor" by assets under administration. These figures include assets administered on managed investments platforms where no advisory services are provided.

[2] Data as of 12/31/12. Managed Investments is a service of Pershing LLC. Lockwood Advisors, Inc. and Lockwood Solutions, Inc. are affiliates of Pershing LLC, each subsidiaries of The Bank of New York Mellon Corporation.

[3] Lockwood Advisors, Inc. as of 12/31/12. Included in the assets under management are approximately $6.3 billion in assets where Lockwood acts as adviser to the adviser. In these programs, Lockwood does not have direct management responsibilities or discretionary authority.

[4] Provided by Managed Investments.

[5] Provided by Lockwood Advisors, Inc.

[6] Provided by Lockwood Solutions, Inc.

# Support for Our Clients

## Operational Support

- Clearing and Settlement Services
- Compliance Tools
- Custody Services
- Reporting Services

## Trading Services

- Best Execution
- Collateral Funding and Trading
- Equity Trading
- Fixed Income Trading

## Flexible Technology

- Business Intelligence Tools
- Distribution Analytics
- Enterprise Solutions
- Investor Access Solutions
- Open Architecture
- Operational Efficiency Tools
- Professional Access Solutions
- Wealth Reporting

## Investment Solutions

- Alternative Investment Solutions
- Annuity and Insurance Solutions
- Cash Management Solutions
- Education and Health Savings
- Fund Solutions
- Lending Solutions
- Managed Investments
- Retirement Solutions
- Wealth Management Solutions

## Practice Management

- Consulting
- Education
- Events
- Marketing Services
- Training Services
- ValueAlliance®

## Service Excellence

- Dedicated Service Model
- Quality Management Process
- Reliability

# Operational Support

Pershing can help by outsourcing non-differentiating functions, so our clients can focus their resources on satisfying their investors and growing their businesses with confidence. Our extensive service model provides maximum support through integrated solutions.

| Clearing and Settlement Services | Compliance Tools | Custody Services | Reporting Services |
| --- | --- | --- | --- |
| One-stop access to a wide range of global clearing and settlement solutions, including multicurrency capabilities, offshore products and global reporting | Regulatory risk management with comprehensive resources and support | A full array of services, including corporate actions, dividend and income processing, performance reporting, and proxy voting capabilities | Streamlined billing, record keeping and tax reporting plus clear, effective brokerage account statements |

# Trading Services

Pershing provides execution excellence, plus the sophisticated expertise our clients need to grow. Our straight-through processing capabilities create a smooth and seamless trading environment, helping our clients manage risk and create operational efficiencies.

| Equity Trading | Fixed Income | Best Execution | Global Capabilities |
| --- | --- | --- | --- |
| Extensive coverage, enhanced liquidity and agency brokerage model | A broad spectrum of fixed income investment options—including new issues and structured products—with an outstanding level of support | Innovative procedures designed to help ensure quality and timely execution of trades | Multicurrency capabilities include 24-hour accessibility and execution in over 60 markets |

Powerful, industry-leading technology solutions to increase productivity and performance for clients and investors, available online or via mobile applications

NETX360™

NetX360 provides one complete solution for broker-dealers and advisors. Accessible via your computer or mobile device, NetX360 provides the capabilities you need to efficiently manage and grow your business. From this single, open-architecture platform you can attract, onboard and service clients, manage accounts and trading activity, streamline workflows, and access industry-leading news and research while maintaining security and compliance.

NETXClient™

NetExchange Client® provides investors with an essential solution for managing their investments online. Available 24/7, NetExchange Client provides a highly integrated, easily-navigable platform with access to consolidated account information, a variety of third-party market research, financial planning tools, quotes and news—allowing investors to effectively manage their finances.

ALBRIDGE™
AN AFFILIATE OF PERSHING

Albridge, an affiliate of Pershing, a BNY Mellon company, is a leading provider of enterprise data management solutions that enable the delivery of an accurate, single view of an investor's assets. Our proprietary technology consolidates and reconciles client account and transaction data from hundreds of data sources representing banking, brokerage, insurance, retirement, managed investments and more. Albridge processes this cleansed data and uses it to power a variety of downstream technology solutions, including performance reporting, sales practice monitoring, data warehousing, business intelligence, imaging and workflow.

## Single, integrated technology solution that can serve as the core engine to business functions

### Bank Custody
- BNY Mellon custody integration

### Commission-Based
- Commission analysis
- Commission processing
- Compliance oversight tools

### Fee-Based
- Management fee processing
- Trade-away allocations
- Practice management tools

### Institutional Brokerage
- OASYS/ALERT
- Global execution
- Trade matching

### Managed Investments
- Portfolio performance
- Block trading
- Portfolio rebalancing
- Proposal generation

### Prime Brokerage
- Collateral management and funding
- Performance and attribution
- Prime reporting
- Portfolio accounting

### Holistic Business Solutions
- Data aggregation tools
- Document management
- Compensation management

### Third-Party Connectivity
- Open architecture
- Contextual data sharing
- Market data, tools and news

# Investment Solutions

Our investment solutions can give our clients a strong head start in gathering assets, acquiring clients and strengthening relationships.

### Alternative Investment Solutions

- A comprehensive platform to custody and manage alternative investment products, including fee and no-fee options

### Cash Management Solutions

- Pershing's powerful asset management account, plus a variety of money market mutual fund and FDIC-insured sweep options

### Education and Health Savings

- Tax-advantaged 529 plans, Coverdell Education Savings Accounts and health savings accounts on the brokerage platform

### Fund Solutions

- Centralized resources for mutual funds, trading and support via the FundVest® and FundCenter® platforms in NetX360®
- Analytic tools and research through the ETF Center in NetX360

### Insurance Solutions

- Streamlined annuity business solutions through the Subscribe® platform

### Lending Solutions

- A range of solutions that includes non-purpose loans, securities-based loans, margin lending, a mortgage referral program and a fully paid securities lending offering

### Managed Investments

- Custom enterprise platform solutions, supporting separately managed accounts, unified managed accounts, mutual fund/ETF wrap accounts and rep/portfolio manager/advisor accounts
- Investment management and research, front-office integrated technology solutions, middle- and back-office solutions and distribution support services

### Retirement Solutions

- A full suite of retirement products, from individual retirement accounts (IRAs) to employer-sponsored plans, as well as features such as mutual fund only options and IRA Resource Checking™

### Wealth Management Solutions

- Trust and charitable giving solutions to help clients build enduring legacies
- Corporate Executive Services for employee stock transactions

# Practice Management

We make available a host of practice management solutions targeting the areas that may present the largest impact on our clients' business.

### Growth

Achieve potential through client acquisition and retention, referral programs and mergers and acquisitions

### Human Capital

Attract, retain and develop top talent while preparing for a smooth succession

### Operational Efficiency

Take control of rising overhead costs and build a more streamlined, scalable infrastructure

### Risk Management

Stay in step with fast-changing regulations and protect against unexpected events

| Ideas Without Limits® | Pershing's Healthcheck | Guidebooks | Templates and Tools | Events | ValueAlliance® | Consulting |
|---|---|---|---|---|---|---|
| Emerging trends, best practices and the latest independent studies | Proprietary online diagnostic tool | Practical, how-to resources | | Education and networking | Industry-leading providers | Guidance from Pershing's experts |

## Service Excellence

Pershing's expert conversion support, a 24-hour help desk and state-of-the art disaster recovery capabilities can help our clients maintain high service standards and keep their businesses up and running smoothly, even in the face of constant change and unpredictable events.

| Dedicated Service Model | Quality Management Process | Reliability |
| --- | --- | --- |
| Our long employee tenure lets our clients build relationships that last. | We measure performance to add value to your firm. Client satisfaction metrics are a key component of our monthly Quality Scorecard, highlighting performance against service targets for system availability, operational processing and customer service. We also provide clients a consolidated view of key metrics to manage business performance, compare efficiencies and review industry benchmarks. | Count on Pershing's reliability, from disaster recovery facilities to business continuity processes. |

Global solutions to meet our clients' business needs.

## Investment Management

### Investment Boutiques and Solutions

- Specialized Fixed Income, Cash and Currency Solutions
- Equity and Asset Allocation Strategies
- Alternative and Absolute Return Strategies
- Tailored Investment Vehicles and Solutions

### Wealth Management

- Investment Management
- Wealth and Estate Planning
- Private Banking Finance
- Asset Servicing and Information Management

## Investment Services

- Alternative Investment Services
- Asset Servicing
- Broker-Dealer Services
- Corporate Trust
- Depositary Receipts
- Derivatives
- Global Collateral Services
- Global Markets
- Liquidity Services
- Treasury Services

### Pershing

- Pershing LLC
- Pershing Advisor Solutions LLC
- Pershing Prime Services
- Albridge Solutions, Inc.
  - – Coates Analytics
- Lockwood Advisors, Inc.
- Lockwood Solutions, Inc.

As of December 31, 2012.

# Important Disclosures

Pershing LLC, member FINRA, NYSE, SIPC, is a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon).

Pershing Advisor Solutions LLC, member FINRA, SIPC, is a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon). Clearing, custody or other brokerage services may be provided by Pershing LLC, member FINRA, NYSE, SIPC. Pershing Advisor Solutions relies on its affiliate Pershing LLC to provide execution services.

Pershing Prime Services is a service of Pershing LLC.

Albridge Solutions, Inc. is an affiliate of Pershing LLC. Coates Analytics is a division of Albridge Solutions, Inc.

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