

Important Information Regarding Alternative Assets

Please Read Carefully

Custodial Responsibilities

All investors who open accounts with Millennium Trust Company, LLC ("Millennium") realize that Millennium is not acting as a fiduciary and therefore, does not render any investment management, advice or review. The success of an investment program depends solely on the selection of investments. Our fees are solely for the custody and administrative services we provide.

Investment Options

Clients have the opportunity to invest in a wide variety of assets. These often include assets which are not publicly traded, such as:

- hedge funds
- offshore funds
- private equity
- promissory notes
- futures
- mortgages
- real estate
- precious metals
- gold

and the like (collectively referred to as, "Alternative Assets").

Some of the Alternative Assets, as well as traditional assets such as publicly-traded stocks and mutual funds, can be purchased through limited partnerships, limited liability companies and similar types of legal structures. While investors and Advisors may choose Alternative Assets as part of an asset allocation program or because of the potential for higher returns than some other assets, any decision to invest in an Alternative Asset should include a knowledgeable review by the investor and/or Advisor of the issues and risks involved.

Alternative Assets do provide diversification and can provide returns greater than traditional assets, but Alternative Assets also may fall short of predicted or hoped for returns or fail altogether, and unfortunately a small percentage may even represent fraudulent schemes. With any investment, understanding the investment and determining if it is right for the investor are always important and key elements in financial success.

Millennium is not responsible for the performance of any investment in an account, including any losses incurred.

Purchase of an Alternative Investment

Millennium will purchase an Alternative Asset in the investor's account following the authorized directions contained in Millennium's Private Placement Investment Direction form. Pursuant to those directions, funds are sent directly from the Millennium account to the Alternative Asset of the investor's choice. The account then owns the Alternative Asset or interest in the Alternative Asset it has purchased/invested in.

Many types of Alternative Assets pool the investor's funds with those of other investors to in turn purchase other investments. These underlying investments are owned and controlled by the Alternative Asset selected and are not held by Millennium or in the Millennium account. Likewise, should an investor direct Millennium to open an account

Alternative Assets and a Millennium Account

Each Alternative Asset has unique features, requirements and risks. Individual Investors and Advisors should perform the amount of research they feel is necessary to ensure that investors understand the risks and the potential rewards involved with the Alternative Asset. Here are some of the issues to consider, actions to be taken and some of the things investors should understand about investing in an Alternative Asset.

at a brokerage firm on their behalf, funds will be moved from their Millennium account to that brokerage account. The assets will then be under the custody and responsibility of the brokerage firm.

Illiquid Investments

Alternative Assets are often considered to involve more risk because they are illiquid and there is no established market for them. Investors may (1) not be able to sell their investment, (2) be able to sell only to a limited type of investor, or (3) need permission to sell or transfer an investment. Investors' right to withdraw or liquidate may be limited to specific times or circumstances and may require prior notice. Investors must understand the Alternative Asset's restrictions upon their ability to sell, withdraw, liquidate or transfer their interest.

Investor Qualifications

If the Alternative Asset has suitability or other qualifications required for investors, it is the investor's responsibility to determine that they qualify and to answer those questions accurately.

Suitability Is the Investor's Responsibility

Not every investment is right for every investor. Is the investor personally comfortable with the type of investment, the amount to be invested, the risk involved versus the potential reward, and how it fits in with the rest of their investment portfolio?

Ongoing Expenses and Additional Funding for Self-Directed IRAs, Solo 401(k) and HSAs

The nature of a Retirement Account and Health Savings Account (HSA) is that the amount of contributions in any one year is limited, although funds can be rolled over or transferred from certain other tax-advantaged accounts. This should be taken into account when considering an asset such as real estate which has recurring expenses like taxes and may at some point require additional capital contributions.

Required Minimum Distributions (RMDs) for Self-Directed IRAs and Solo 401(k)

When purchasing an Alternative Asset in a Retirement Account, investors should consider how issues such as valuation, illiquidity and withdrawal restrictions impact the requirements of that Retirement Account, such as the need for required minimum distributions. The illiquid nature of an Alternative Asset may be an issue when, after 70½ years of age, the investor is required to take a RMD from a Retirement Account.

Not Subject to Regulation or Registration

Alternative Assets are often considered to involve more risk because they are not subject to the type of regulatory oversight and reporting imposed on marketable assets. It is the investor and/or Advisor's responsibility to conduct whatever investigation of the investment and the principals involved that they consider appropriate and necessary.

Read All Investment Documents

With Alternative Assets, the governing documents and the subscription agreement, if any, set forth the details of the ownership in the Alternative Asset. Investors and Advisors should read them carefully and ask questions to the appropriate parties where necessary. In cases where the investment will be reinvesting funds, investors should understand the nature of the underlying assets, and the investment style or selection method employed. The risks involved should be disclosed in these documents and evaluated carefully.

Rely on Broker Statements

With Alternative Assets such as futures and forex which fluctuate in value daily, it is important that investors review the broker's statements and confirmations and NOT rely on periodic statements from Millennium for valuation and decisions whether to trade or hold any underlying contracts or other assets.

Prohibited Transactions

When purchasing an Alternative Asset in a Retirement Account or HSA, there is the additional concern with possible prohibited transactions. Certain transactions between a Retirement Account/HSA and the investor or family members are prohibited under the laws that govern IRAs, other retirement plans and HSAs. It will be the investor's responsibility to avoid any of these transactions or to report them to Millennium should one occur. *See Section 4975 of the Internal Revenue Code.*

Consult an Investment Advisor, Attorney or Tax Professional

As Millennium does not provide investment, tax or legal advice, investors should consult an investment advisor, attorney or tax professional on issues involving any Alternative Assets they are considering or have purchased. Remember, investment sponsors want to sell their product, consider the benefit of consulting an independent investment professional.

UBIT, Excise Taxes

Although IRAs and other retirement plans generally defer tax on income earned, some Alternative Assets may generate income that is subject to either unrelated business income tax (UBIT) or excise tax. It will be the investor's responsibility to identify such income (often the Alternative Asset will provide the information) and either report it or have Millennium report it on the investor's behalf.

Custody Not an Endorsement

Millennium does not endorse any investment, issuer or broker. It does not review the investment potential of any asset, nor does Millennium make any judgment on the suitability of an asset for an investor or their investment portfolio. Millennium has not authorized any third party to make any representations on Millennium's behalf.

Promissory Notes

Promissory notes are often cited as a type of asset that can be employed in a fraudulent scheme. It is the investor's responsibility to know the issuer/borrower on any note they purchase and to evaluate the ability of the issuer/borrower under the promissory note to repay your loan/investment. The investor must decide whether the note should be backed by collateral. Promissory notes often offer higher interest rates than marketable bonds or bank deposits, due to higher risk, but only the investor can decide if the risk is justified. Notes that pay only at maturity may carry a greater risk than notes which pay interest and principal periodically. If an investor appoints someone other than themselves as their Note Servicing Agent, they should choose carefully. The responsibilities of a Note Servicing Agent are important and may determine whether an investor is able to collect the amount owed to them. Employing someone as a Note Servicing Agent that is involved with the issuer/borrower places that person in a conflict of interest situation and should be carefully considered.

Check Asset Registration Requirements

In order for an Alternative Asset not to be subject to registration with some state or federal agency or regulator, certain requirements must be met. It is the investor's responsibility when dealing with the investment sponsor/issuer to ask and determine if the investment has met the appropriate requirements.

Check Seller Registration Requirements

Even though a given Alternative Asset does not need to be registered, it is possible that the person selling the Alternative Asset may be required to be registered under some general regulation or specifically by the State where the investor or the seller reside. It is the investor's responsibility to ask and determine if the person they are dealing with is or has to be registered.

Millennium Account and Investment Direction Forms

The issues noted above and other considerations due to the nature of Alternative Assets affect the administration of a Retirement Account, HSA or Custody Account and are reflected in the documents which govern the account at Millennium. These include, IRA, Solo 401(k), HSA and Custody Account Custodial Agreements and accompanying Disclosure Statements. When an investor directs a purchase of an Alternative Asset, the investor will need to sign certain ancillary documents. These agreements and documents spell out Millennium's responsibilities and the investor's responsibilities regarding the Alternative Asset in addition to the general terms that govern their account. *Please read all of these documents carefully.*

Fraud Concerns and Ponzi Schemes

Due to the lack of regulation and regulatory review, Alternative Assets can more easily be promoted by unscrupulous people to defraud investors. Ponzi schemes are where the funds from investors are not used as promised but rather a portion of other investors' funds are distributed to look like income from non-existent assets. As a potential investor, clients should ask all relevant questions and carefully evaluate the answers. Investors and Advisors can request and check references, review financial statements, understand valuation methods and confirm whether underlying assets are held or administered by an independent third party. The internet offers a variety of resources with which to research a potential investment and the individuals involved. For additional information on an investment sponsor, you can check with Better Business Bureaus and Secretary of State and State's Attorney offices or websites. The SEC and FINRA websites provide educational information on investor protection and investing in Alternative Assets.

Valuation Issues/Statements

Alternative Assets are more difficult to value than marketable securities. The valuation is made by or is dependent upon information from the entity itself, which creates a possible conflict of interest situation. This means that Millennium will most often be dependent on a valuation that is furnished to it, usually by the issuer. As Alternative Assets may distribute their valuations at different intervals or may not be responsive to their responsibility for providing current valuations, the valuations shown on Millennium's statements may not reflect a current valuation and may of necessity in some cases reflect the last previous valuation actually received or even the original purchase price. Therefore, investors should not rely exclusively on Millennium's statements for purposes of making investment decisions.