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The Importance of Financial Literacy

It seems like back-to-school sales start earlier and earlier each year. Already, I see local retailers stocking their shelves with notebooks, backpacks, and all the supplies that students will need as they get ready to go back to school. I'm a believer in the importance of education, but what's been on my mind lately is the importance of financial literacy.

When most people think about education, they think about math, science, history, reading and writing. These are essential skills that can become the foundation for a career. And while education in life skills, especially social and emotional skills, is growing in the United States school system, few schools require any sort of financial literacy curriculum. A 2016 study by the Council for Economic Education found that only 17 states require high school students to take a personal finance course.

In many cases, financial education falls on the shoulders of parents or guardians. Parents help their children understand the importance of earning and saving money, which are important foundational skills. Too often, however, that is where the education stops. Sometimes it's because parents don't want to burden their children with too much information about finances, and sometimes it's because parents expect their children will gain that knowledge through coursework or real-life experiences. But sometimes, the issue is that many adults don't have the knowledge themselves to pass on to others.

A December 2016 FINRA Investor Education Foundation study assessed the level of investment knowledge by quizzing adult investors on investment-related topics. Most of the respondents (56%) answered fewer than half of the questions correctly. Only one in ten could answer at least eight of the ten questions correctly. Clearly there is opportunity here to increase the financial literacy levels in the United States, even with those who are already investing.

I found this FINRA study very interesting, and it underlined the importance of education and financial literacy. I hope that you will find the information in this newsletter of value.

Meanwhile, I encourage investors to continually seek out information and education about finance and investments. Take a course at a local community college, read articles in your spare time, and even discuss your learnings and share perspectives with your friends and family. And, of course, talk with your financial advisor, who is trained to be a resource and provide guidance for your investment strategies and financial well-being.

I hope, too, that you will look to Millennium Trust as a source for knowledge. As a directed custodian, our team brings a wealth of know-how and insight to understanding the challenges you face. We value you as a client, and continually look for ways to be your ally.

Thank you for being a client! Please feel free to send questions or comments to us at info@mtrustcompany.com.



Gary Anetsberger, CEO

As a directed custodian, Millennium Trust does not provide investment advice, but we do try to share our extensive experience and depth of knowledge with our clients.



The Role of Alternatives in Asset Allocation

Asset allocation is a strategy of investing in different asset classes to balance risk and reward based on an investor's goals, risk tolerance and time horizon. It's one of the first things that investors learn when they start investing, and one of the most important decisions investors make.

The idea is that asset classes, like equities, fixed income and cash, for instance, perform differently over time, and that having the right asset allocation can help an investor balance risk and return. Over the years, investment companies have created products like target date funds that may help investors more easily spread their investments across different asset classes.

Individual Institutional Allocation

If you do a quick internet search on asset allocation models, you'll find that most offer some basic guidelines for how to balance a portfolio, but they generally stop at the three primary asset classes: equities, fixed income and cash. The 2017 American Association of Individual Investors Asset Allocation Survey reported that the average portfolio consisted of about 66% equity, 16% fixed income, and 18% cash.

But when you look at large, institutional investors—college endowments or pension plans, for instance—their asset allocation models look quite different. According to a January 2017 report from the National Association of College and University Business Officers (NACUBO), university endowments report average asset allocations of 35% equity, 8% fixed income, 4% cash and 53% alternatives. More than half of the endowments' assets were invested in alternatives, including private equity, hedge funds, commodities and more.

Why do alternatives make up such a large portion of institutional portfolios? The investment managers for these large portfolios recognize that there are opportunities beyond traditional asset classes that can help them better optimize for risk and return. By nature, these endowments are large—the average size was almost \$640 million according to NACUBO—and traditionally these asset classes have required higher investment minimums, putting them out of reach for most investors. Various investment platforms however, including many of those available through the Millennium Alternative Investment Network® (MAIN®), are making alternatives more accessible to individual investors, often times with lower investment minimums.

Opportunities for Individual Investors

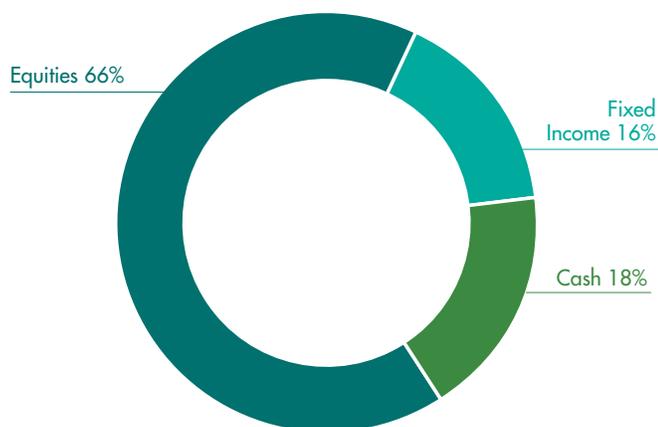
Individual investors are becoming more educated and aware of alternatives, but there is still room for improvement. According to a December 2016 FINRA Investor Education Foundation study, as few as 15% of investors reported owning alternative assets in their portfolios.

Alternative investments are becoming more mainstream. According to a 2015 report from accounting firm PricewaterhouseCoopers (PwC) titled "Alternative Investments: It's Time to Pay Attention", **global alternative investments are expected to grow to \$18.1 trillion by 2020**. PwC credits this growth with new investment instruments that improve access to alternatives, and states "the surge of investment in alternative assets has made them a central focus in asset management."

As awareness increases, we expect alternatives to continue to become more mainstream. Be sure to educate yourself about the many options available, and work with your financial advisor to determine if alternatives may be worth considering for your investment portfolio.

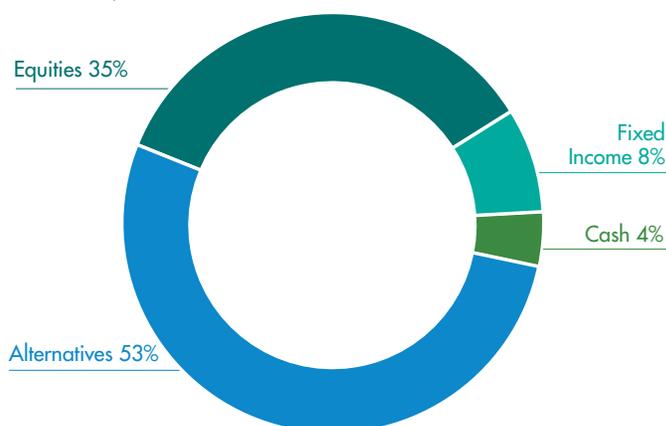
AVERAGE ASSET ALLOCATION

Individual Investors



Source: American Association of Individual Investors, January 2017

University Endowments



Source: National Association of College and University Business Officers, January 2017

Are You Searching for Your Next Investment Idea?

Look No Further, Visit the Millennium Alternative Investment Network®

As an informed investor, you know alternative assets can be an important ingredient to constructing a well-diversified portfolio. Last year we launched the Millennium Alternative Investment Network (MAIN) to bring greater access to investors looking for new opportunities.

MAIN now includes 16 investment platforms for you to connect with and the list of participating firms continues to grow. Many of the platforms provide access to investments that were previously only available to institutional investors or the ultra-wealthy. While many platforms still require that you are an accredited investor, they may offer lower investment minimums to get started.

As a Millennium client, you can easily invest through one of these platforms in your existing IRA. Simply visit any of the platforms on MAIN, review the available options, select the investment and complete online documents along with Millennium's online Investment Direction form. If you are not already a Millennium client, contact us to open an account so you can invest through MAIN.

You can research and find investment opportunities through various asset classes and platforms including:

Real Estate – EQUITYMULTIPLE, Fundrise, Money360, Prodigy Network, Realty Shares

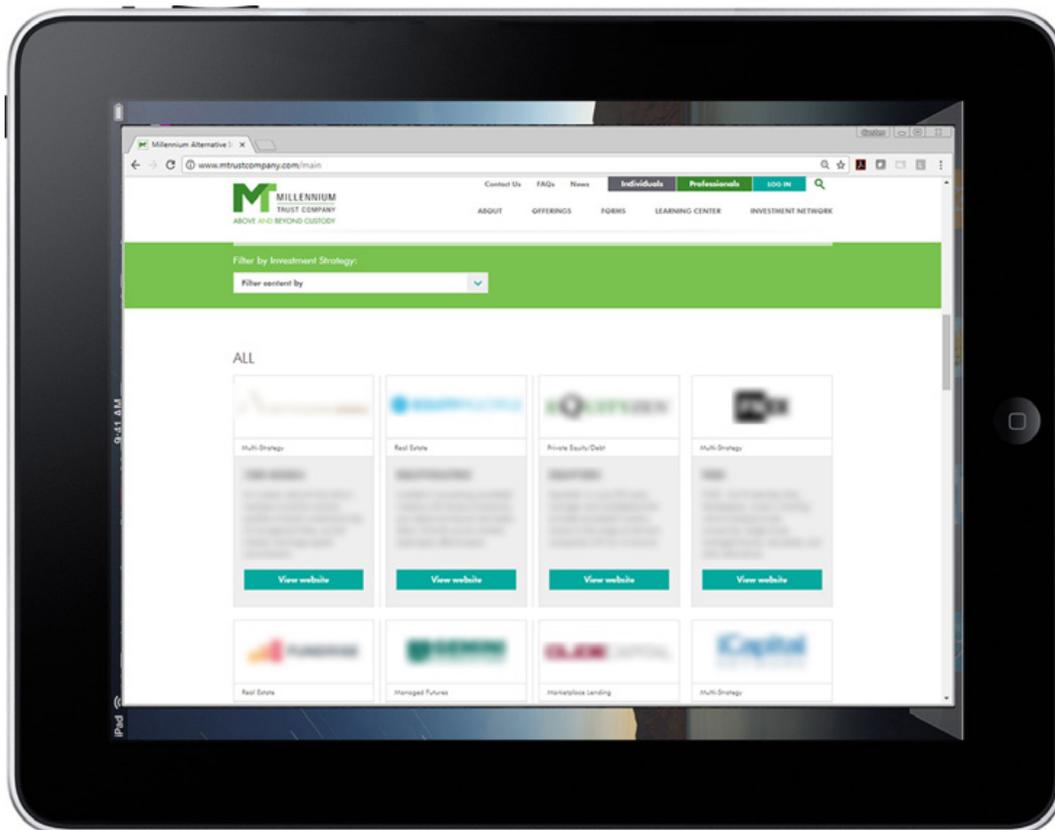
Private Equity/Debt – Equity Zen

Multi-Strategy – 1000 Angels, FNEX, iCapital Network, YieldStreet

Marketplace Lending – Glide Capital, Lending Club, Lending Robot, StreetShares

Managed Futures – Gemini's Galaxy Plus

If you haven't already, we invite you to visit the Investment Network on our website to discover, research, and access an assortment of alternative investment options. mtrustcompany.com/main



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Visit Our Online Learning Center Today

mtrustcompany.com/learningcenter

Did you know that you can access a wide variety of educational resources through Millennium's online Learning Center? It's your one-stop shop for videos, fact sheets, FAQs, articles and more on a variety of topics ranging from alternative assets to retirement planning. You can even access financial calculators that can help you better prepare for retirement.*



ABOUT MILLENNIUM TRUST

We are an expert provider of custody solutions, committed to the evolving needs of advisors, financial institutions, businesses, and individual investors.

total assets under custody

\$23.3B

private fund assets

\$13.7B

client accounts

595K

unique assets we custody

14K

Data as of June 30, 2017

2001 Spring Road, Suite 700
Oak Brook, IL 60523

What Can Millennium Trust Custody?

While many people tend to think of alternative investments as one asset class, there are actually a wide variety of asset classes, strategies, and investment vehicles that can be considered 'alternative investments.' Broadly speaking, an alternative investment is simply an investment in any asset other than traditional stocks, bonds and cash. Millennium is able to custody just about any traditional or alternative asset, including: **Hedge Funds, Private Equity/Debt, Real Estate, Precious Metals, Commodities/Futures, Marketplace Loans, and more.**

*Please Note: The information presented by the calculators is for illustration purposes only, and the results shown are dependent upon the assumptions and information entered by you. These calculators cannot predict investment returns or other future results.

For more information, visit us at mtrustcompany.com or call us at 800.258.7878

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ABOVE AND BEYOND CUSTODYSM

