LEADING WITH ADVICE

OVERVIEW AND ACTIVE WEALTH VALUE PROPOSITION DISCUSSION

December, 2019

ACTIVE WEALTH: EMPOWERED TO MANAGE AND SECURE YOUR WEALTH

WEALTH PRACTICE	VALUE DRIVERS	ADVICE ALPHA (UP TO)
INVEST	1. Rebalancing 2. Asset Allocation 3. Asset Location 4. Objective-Driven Investing 5. Staying Invested	**1.70%**
BORROW	1. Returns 2. Cost to Borrow 3. Timeliness 4. Spread	**0.35%**
SPEND	1. Control 2. Consideration 3. Measurement 4. Proactivity	**0.80%**
MANAGE	1. Flexibility 2. Applicable Taxes 3. Investment Product 4. Alpha Generation	**0.35%**
PROTECT	1. Gift Strategies 2. Investment Planning 3. Estate Tax Planning 4. Wealth Transfer Strategy	**2.00%**

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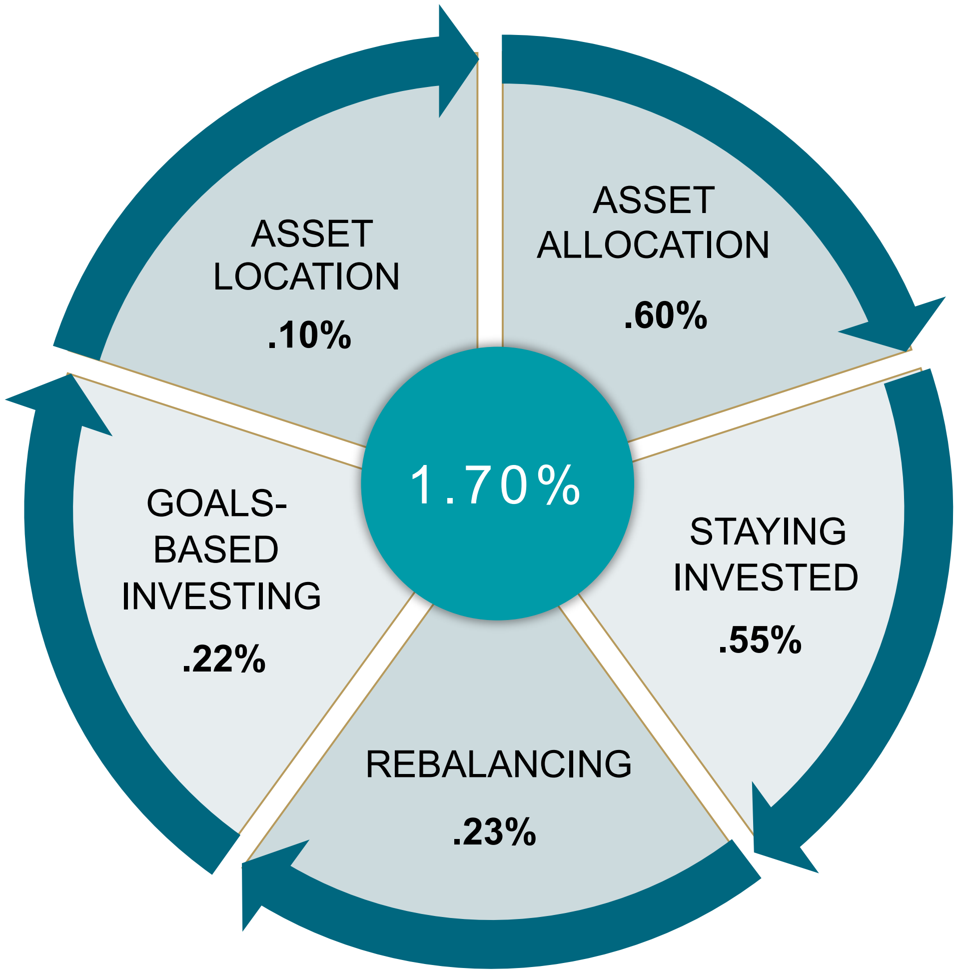
Advice alpha is defined as the value of comprehensive wealth management that leads to better wealth accumulation and greater success of achieving financial goals and objectives over the lifecycle of a clients' relationship. This document provides information about how BNY Mellon adds value, including an explanation of how the value we add is quantified.

INVEST

CONCEPT	METHODOLOGY
ASSET ALLOCATION	Derived from the annual performance difference between the BNYM Asset Allocation composite portfolio and a market portfolio[1] between 1999-2018. BNYM cumulative return was 191.8% and market portfolio was 159.6%. Difference is approximately 0.60% annualized.
STAYING INVESTED	This is the annual difference over 40 years between the S&P 500 buy and hold return vs. missing the 10 best days. This is approximately 2% annualized, given timing and less than 100% allocation to equities, we lowered the effect to an estimated 0.55%.
REBALANCING	0.23% derived from looking at the returns of a buy-and-hold market portfolio[2] vs a portfolio that rebalanced annually and to target 60/40 weight after a year in which equity/FI allocation drifted +/- 5% from target. Time period: 1999-2018.
GOALS-BASED INVESTING	As investor who segregates wealth into two buckets, lifestyle and wealth transfer, allows their long term assets to grow unconstrained, resulting in overall wealth growing by almost 0.22% per year faster than the investor who combines their assets. Estimated returns based on 10-year Capital Market Assumptions and our model asset allocation.
ASSET LOCATION	0.10% derived as the difference between the returns to a location conscious and a location agnostic portfolio. Both portfolios have a 60/40 mandate, but the conscious portfolio has an 80/20 IMA allocation and a 40/60 IRA allocation. The agnostic investor has a 60/40 in each account. Estimated returns based on 10-year Capital Market Assumptions and our model asset allocation.



Note: Each concept except for asset allocation has been reduced by 50% to account for client situations, timing, and overlap with asset allocation.
1 60% MSCI ACWI, 40% Barclay's Aggregate Bond Index
2 55% MSCI ACWI, 35% S&P Intermediate Municipal Bond Index, 10% HFRX Global Hedge
3 Strategic Asset Allocation of: 55% Global Equities, 35% Fixed Income and 10% Diversified Assets

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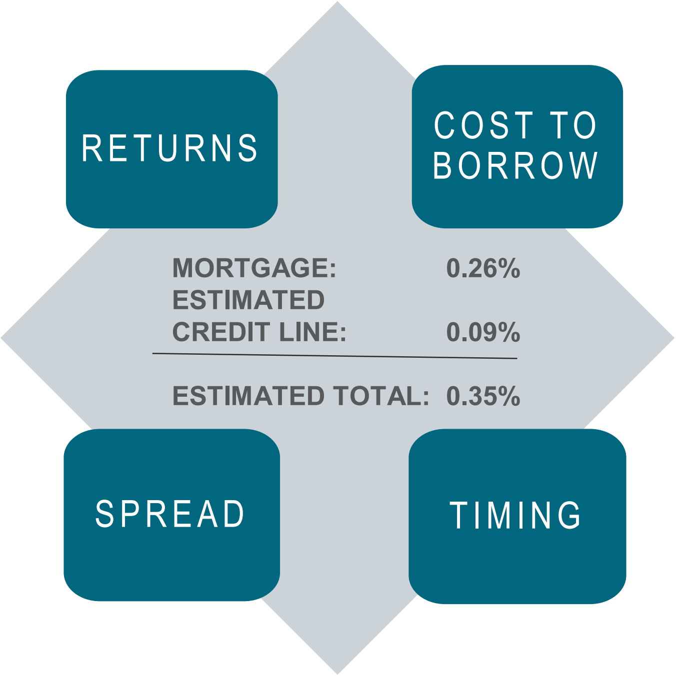
BORROW

CONCEPT	METHODOLOGY
PRUDENT BORROWING	The analysis compares liquidating assets from a portfolio to purchase a home vs. utilizing a mortgage. The return assumptions on the assets are 5.25% with a Mortgage cost of 2.875%. Over a 20 year period the benefit to the portfolio is approximately 26 basis points or $2.6M. Additional considerations were historical spreads, returns and strategic use of an Investment Credit Line (ICL) to enhance wealth.

Scenario 1: Liquidate from Portfolio			Scenario 2: Utilize Mortgage		
Beginning Portfolio Value		**$20,000,000**	**Beginning Portfolio Value**		**$20,000,000**
Liquidate Principal		($2,000,000)	**Loan Amount**		($2,000,000)
Estimated effective capital gains tax due next year[3]		($119,000)			
Post Liquidation Portfolio Value		**$17,881,000**			
Cumulative Portfolio Appreciation (20Y) [1]	178.25%	$31,873,675	Portfolio Appreciation (20Y)[1]	178.25%	$35,650,886
Ending Portfolio Value		**$49,754,675**	**Ending Portfolio Value**		**$55,650,886**
			Interest Expense[2]	2.88%	($1,150,000)
			Estimated effective capital gains tax due in 20 years		($119,000)
			Loan Payoff Amout		($1,935,493)
			Estimated amortizaation - 10 to 20 years		($64,507)
Net Portfolio Value (Net of Liquidation and Taxes)		**$49,754,675**	**Net Portfolio Value (Net of Loan and Interest)**		**$52,381,886**
Result of Mortgage vs. Liquidation		**$2,627,211**	**Basis Points**		**0.26%**

1) Portfolio Growth Rate of 5.25% per annum for illustrative purposes only
2) Mortgage Interest Rate is for illustrative purposes only, is not guaranteed, and is subject to change.
3) Estimated taxes are for illustrative purposes only.
This analysis is not intended to supply tax or legal advice, and no one should make any decisions based upon this information without consulting one's tax and legal advisors.



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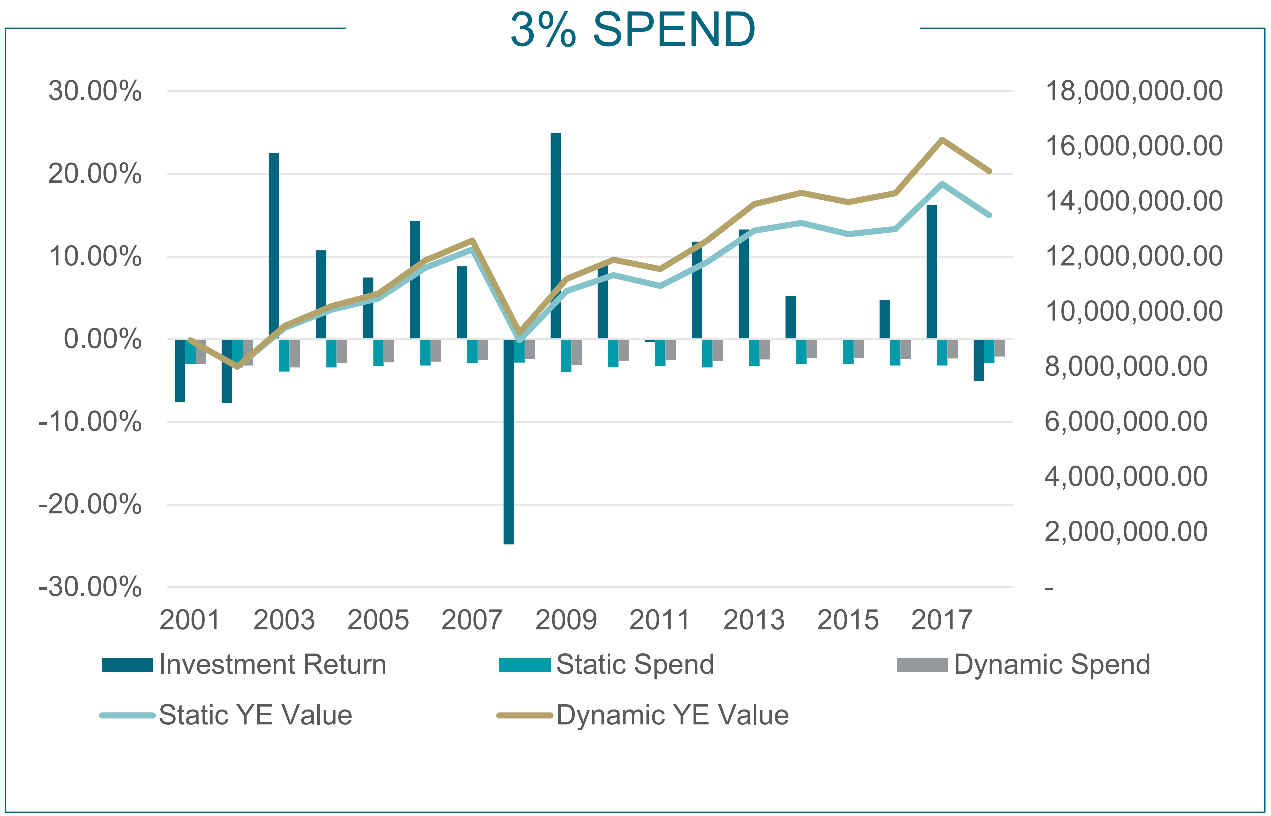
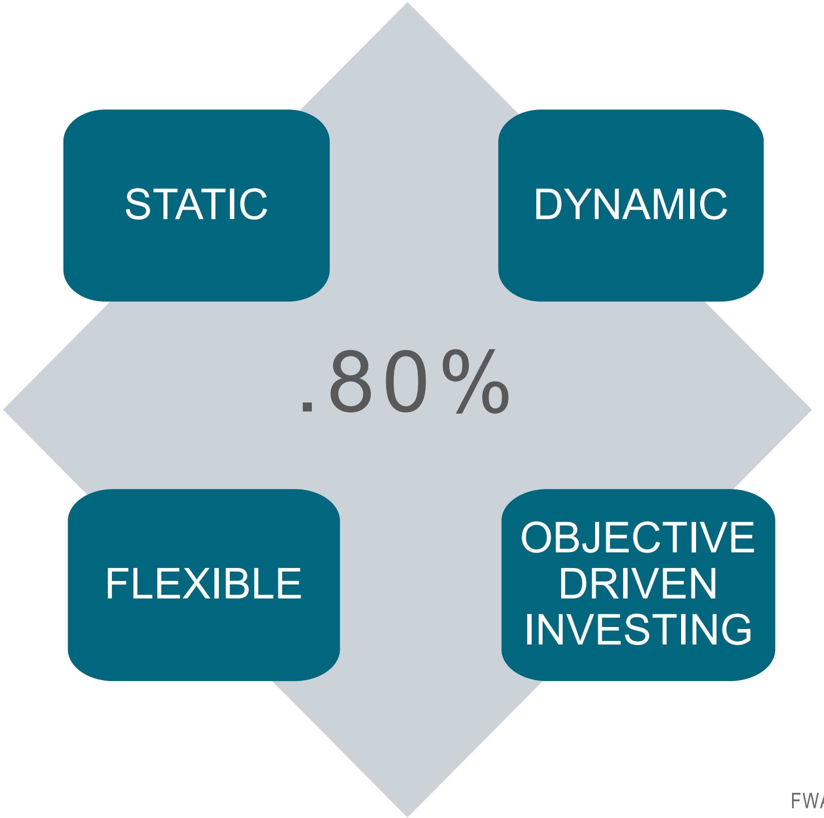
SPEND

CONCEPT	METHODOLOGY
DYNAMIC SPENDING	Compared a static spend rate to a dynamic spend rate that cut spending by 5% after a year in which portfolio value declined by >3%, and increased spending by 2% in any other year. Between 2001–2018 this led to a portfolio with a beginning value of $10 million being $1.6M larger at the end of period, an incremental annual benefit of approximately .80%.





Based on a 60/40 market portfolio using historical returns of MSCI ACWI and S&P Intermediate Muni

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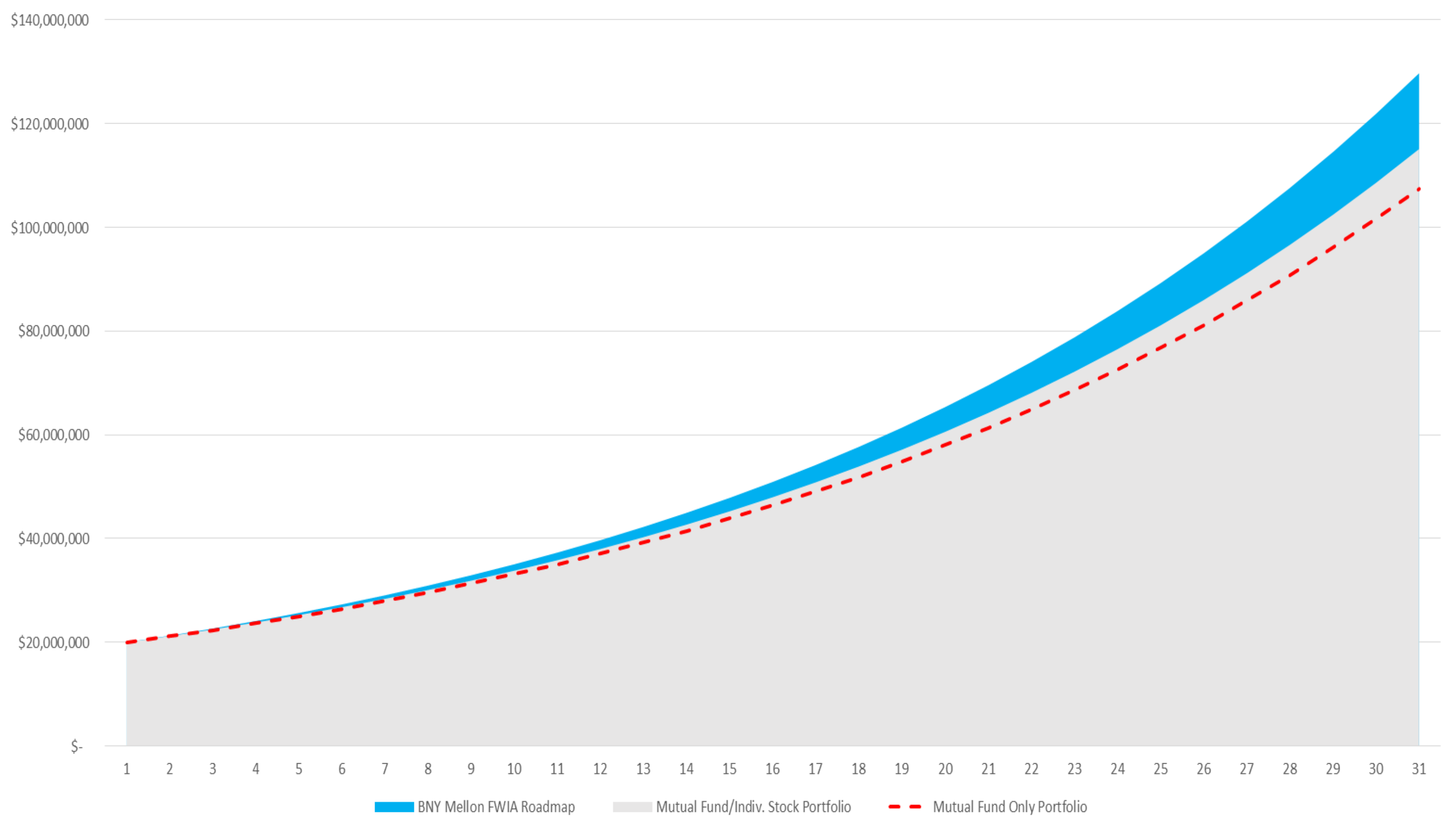
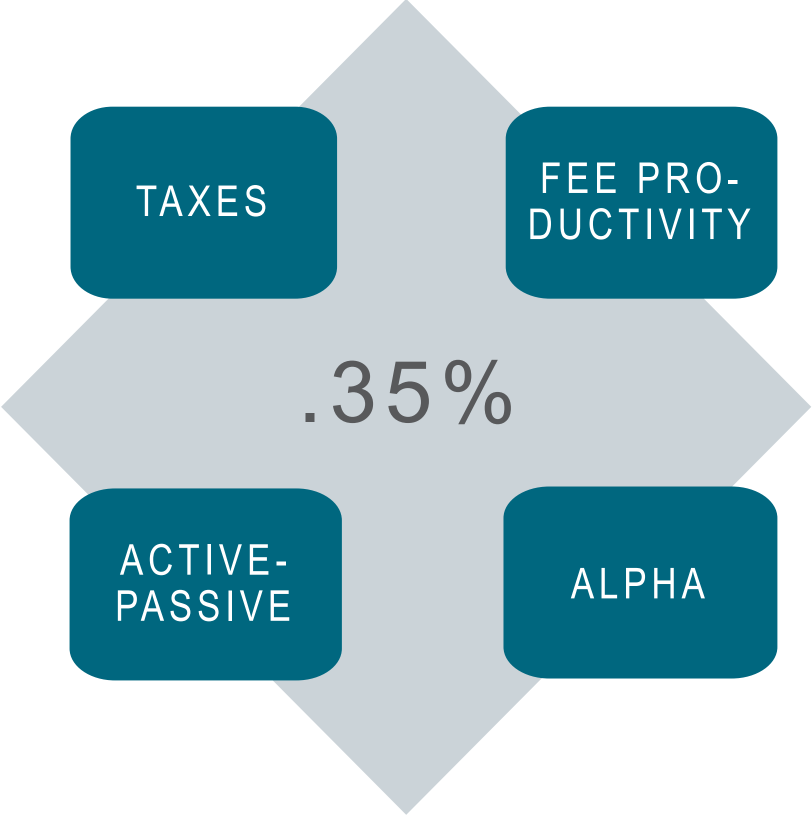
CONCEPT	METHODOLOGY
TAX EFFICIENT INVESTING	We used Morningstar tax drag research and data along with the after-tax returns from our Tax-Managed Equity group. We looked at tax drag associated with an all mutual fund portfolio, using our suggested asset allocation (60/40), as well as portfolio (60/40) that includes a significant portion of individual securities managed for taxes. We applied historical tax drag (as a proxy for future tax drag) to our CMA's to determine after tax-returns for each portfolio. The result was 35bps of incremental annual returns.





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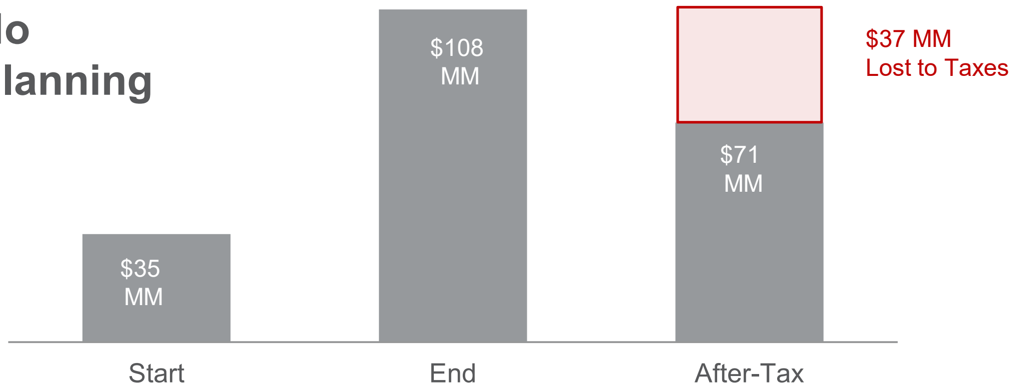
PROTECT

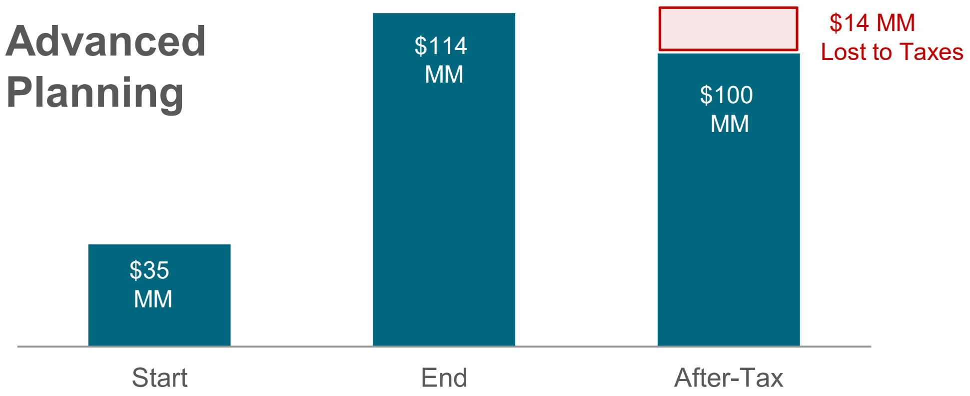
CONCEPT	METHODOLOGY
ESTATE TAX PLANNING	BNYM case study shows that aligning investment and estate planning objectives can add to a family's wealth.
OTHER WEALTH TRANSFER STRATEGIES	Establish other strategies which are specific to each clients' situation, like Family Loans, asset sales and rolling GRATs

No Planning



20-Year Annualized Growth	
Growth in Total Wealth:	5.8%
Growth in After Tax Wealth:	**3.6%**

Advanced Planning



20-Year Annualized Growth	
Growth in Total Wealth:	6.1%
Growth in After Tax Wealth :	**5.4%**

5.4% *Advanced Planning Growth in After Tax Wealth* − **3.6%** *No Planning Growth in After Tax Wealth* + **0.2%** Estimate of Additional Planning Growth in After-Tax Wealth = **2.0%** *Estate Planning Alpha*

By aligning investment and estate planning objectives, a family can grow their wealth after estate tax by an additional **2.0%** per year.

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 All data included for illustration only. Past performance is no guarantee of future results.

DISCLOSURE APPENDIX

The information provided is for illustrative/educational purposes only. All investment strategies referenced in this material come with investment risks, including loss of value and/or loss of anticipated income. Past performance does not guarantee future results. No investment strategy or risk management technique can guarantee returns in any market environment. This material is not intended to constitute legal, tax, investment or financial advice. Effort has been made to ensure that the material presented herein is accurate at the time of publication. However, this material is not intended to be a full and exhaustive explanation of the law in any area or of all of the tax, investment or financial options available. The information discussed herein may not be applicable to or appropriate for every investor and should be used only after consultation with professionals who have reviewed your specific situation. BNY Mellon Wealth Management may refer clients to certain of its affiliates offering expertise, products and services which may be of interest to the client. Use of an affiliate after such a referral remains the sole decision of the client.

The capital market assumptions (CMAs) are BNY Mellon's estimates based upon historical market performance and the current market environment. References to future expected returns are not promises of actual returns that may be realized, and should not be relied upon. Actual returns may vary significantly. In addition, the historical returns used as a basis for this analysis are based on information gathered by The Bank of New York Mellon or from third party sources, and have not been independently verified.

The forecasts contained herein are for illustrative purposes only and are not guarantees of performance. The forecasts have inherent limitations because they are not based on actual transactions. The forecast are based upon historical returns of the selected investments and subjective estimates and assumptions about circumstances and events that may not have taken place and may never do so.

Some of the factors that could impact these forecasts include, but are not limited to: general economic conditions, financial market performance, interest rate levels, changes to current laws or regulations, and future geopolitical conditions. The results do not represent, and are not necessarily indicative of, the results that may be achieved in the future.

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