Alternative Investments

Tap into greater opportunity with U.S. Trust

03 | Sophisticated solutions to help meet your needs.
04 | Complete your financial strategy.
05 | Ways to access alternative investments.
06 | The U.S. Trust difference.
07 | The strength of a dedicated team.
Evolving markets.
New technologies.
Global economies.

There are more reasons than ever to tap into opportunities that traditional investments alone can’t provide.

U.S. Trust offers a robust suite of alternative investments alongside professional advice to help you complete your financial strategy.

Investment products:

<table>
<thead>
<tr>
<th>Are Not FDIC Insured</th>
<th>Are Not Bank Guaranteed</th>
<th>May Lose Value</th>
</tr>
</thead>
</table>

Investment products and services may be available through a relationship with Merrill Lynch or U.S. Trust, Bank of America Private Wealth Management. Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), which is a registered broker-dealer and member SIPC and a wholly owned subsidiary of Bank of America Corporation (“BofA Corp”). Certain U.S. Trust associates are registered representatives with MLPF&S and may assist you with investment products and services provided through MLPF&S and other nonbank investment affiliates. U.S. Trust operates through Bank of America, N.A., and other subsidiaries of BofA Corp.

The Fund’s investment manager and its affiliates may be subject to certain U.S. banking laws and to regulation by the Federal Reserve Board. Such banking laws, rules, regulations and guidelines, and the interpretation and administration thereof by the staff of the applicable regulatory agencies, restrict the transactions by the Fund, as well as the transactions between the Fund’s investment manager and its affiliates and the Fund.

Bank of America, N.A., member FDIC.
© 2017 Bank of America Corporation. All rights reserved. ARFRCCJ8
Sophisticated solutions to help meet your needs.

We offer a full range of alternative investments to help you pursue your goals. And our solutions are flexible, so you can find opportunities to help meet your liquidity needs and risk tolerance.

Moving beyond stocks and bonds

In-depth global research and knowledge of local markets shape our comprehensive suite of offerings.

Drawing from the experience, resources and expertise of the firm, you and your advisor can explore alternative investments that help you pursue what matters most to you.

- Hedge funds
- Private equity
- Real estate and tangible assets

$46+ Billion
of client balances in alternative investments

100+
dedicated investment professionals

30+ years
of experience investing in alternatives

1Source: Bank of America. The Global Wealth and Retirement Solutions Alternative Investments Group is part of Global Wealth and Investment Management (GWIM), the wealth and investment management division of Bank of America Corporation. As of March 31, 2017 GWIM clients had client balances (Client Balances) of approximately $46.80 billion in their GWIM accounts invested in alternative investment products. Alternative investment products include hedge funds, managed futures funds, private equity funds, nontraditional mutual funds and real assets. Client Balances includes assets invested (i) in funds or accounts under the discretionary management of GWIM entities (Assets Under Management); (ii) in products sponsored but not advised by GWIM entities; and (iii) in products sponsored or managed by unaffiliated third-party investment managers. Client balances invested in private equity funds include total committed but uncalled capital for funds in their initial commitment period. This reflects a change in calculation methodology effective June 30, 2013, to include nontraditional mutual fund assets.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
Complete your financial strategy.

Alternative investments can be an important part of your portfolio, expanding how you build your financial strategy. Because performance is often differentiated from equity and fixed income markets, for suitable investors, alternative investments may be an ideal complement to traditional investments.

Rethinking diversification

At U.S. Trust, you can enhance portfolio diversification through unique investments, including:

- Participation in evolving industries such as healthcare, energy and technology
- Investing with managers who embrace environmental, social and governance (ESG) principles
- Accessing opportunities in both developed and emerging markets

Enhancing the probability of reaching your goals

With traditional investments, pursuing a higher return generally leaves you more vulnerable to market fluctuations. At the same time, investing purely in fixed income assets might result in a rate of return insufficient to achieve your long-term goals.

Alternative investment managers employ broad, active strategies not available to traditional managers. Techniques like portfolio hedging, investment concentration and leverage allow investors to potentially increase returns without necessarily increasing expected volatility.

Historically, adding alternative investments to a portfolio increased expected return without increasing exposure to risk.

Past performance not indicative of future results. Based on data from January 1997 to December 2016. Performance period is dictated by availability of the private equity index, which is reported on a lag relative to hedge fund indices. "Stocks" are represented by S&P 500 Total Return Index. "Bonds/Cash" are represented by Barclays U.S. Aggregate Bond Index and Citigroup 3-Month U.S. Treasury Bill Index. "Alternatives" are represented by HFRI Fund Weighted Composite Index; Bloomberg Commodity Index; NCREIF Property Index; NCREIF Transaction Based Index; and Cambridge Associates Private Equity U.S. TR Index. Refer to the end of the document for index definitions and additional information. Please note that a 20% allocation to AI may not be appropriate for all investors, as allocations vary with the risk profiles and liquidity needs of individual investors.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
Ways to access alternative investments.

We offer alternative investment solutions through a wide variety of structures tailored to your liquidity needs and risk tolerance.

**Hedge funds**
We offer hedge funds with active management strategies such as equity long/short, relative value, event driven, global macro and managed futures. These funds invest in equity, fixed income, foreign exchange and derivative instruments.

**Risk Considerations**
May be less liquid, use leverage, have less transparency and charge higher fixed fees including a performance incentive.

**Private equity**
Our private equity offerings capitalize on periods of rapid growth or restructuring, investing in private and certain public companies during various stages of their life cycles. Strategies include venture capital, leveraged buyout, private credit and special situations.

**Risk Considerations**
Will be illiquid, provide valuations and investor reporting less frequently and charge higher fees including a performance incentive. Funds typically require an investment horizon of 10–12 years.

**Real estate and tangible assets**
We provide access to offerings that actively and passively invest in precious metals, commodities, real estate, infrastructure, agricultural land and natural resources. Investments in real assets often act as additional diversification from stocks and bonds and can serve as a hedge against inflation.

**Risk Considerations**
May be less liquid, use leverage, have less transparency and in the case of real estate and infrastructure, charge higher fixed fees including a performance incentive. Real estate and infrastructure funds typically require an investment horizon of 10–12 years.

**Alternative investments have outperformed traditional asset classes**

<table>
<thead>
<tr>
<th>Hedge Funds (HFRI Fund Weighted Composite Index)</th>
<th>Private Equity (Cambridge Associates Private Equity U.S. Benchmark TR Index)</th>
<th>Real Estate (NCREIF Property TR Index)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Stocks (S&amp;P 500 Total Return Index)</td>
<td>Bonds (Barclays U.S. Aggregate Bond Index)</td>
<td></td>
</tr>
</tbody>
</table>

Past performance not indicative of future results. Based on data from December 2000 to December 2016. Performance period is dictated by availability of the private equity index, which is reported on a lag relative to other indices.

Offerings are available to qualified investors, usually with a minimum net worth of $1 million.

See important disclosures at the end of this brochure.

A more flexible alternative
For clients prioritizing liquidity, we offer non-traditional mutual funds. These funds can offer many of the benefits of alternative investments with the conveniences of traditional mutual funds, including lower investment minimums, daily liquidity and regular tax reporting.
Many think of alternative investments as a tool only available to a small, select set of clients. At U.S Trust, we have a different view: alternatives can help a broad range of clients pursue a wide variety of financial goals.

What are your objectives?

Our industry-leading research capabilities can help you select funds and construct portfolios that are built around your priorities. Alternatives help you achieve your objectives in three ways.

Decrease volatility:

**Credit-oriented strategies**

These strategies may generate lower volatility and drawdowns than many traditional assets. They protect against downside risk in different market environments and may offer income.

Diversity and manage risk:

**Diversifying strategies**

These strategies generally have a low correlation to traditional equity and bond investments. They may help manage risk and also limit the impact of inflation.

Enhance Returns:

**Equity and growth-oriented strategies**

These strategies typically decline less in bear markets while capturing significant upside. They may employ value-added approaches using public and private equities, credit and other instruments.

These charts are shown for illustrative purposes only and do not represent actual investment performance of any investment or strategy.

SEE IMPORTANT DISCLOSURES AT THE END OF THIS BROCHURE.
At U.S. Trust, our suite of offerings is built on qualitative research, proven fundamentals, and localized insights into global markets. Through its rigorous process, our team seeks out the most talented managers and innovative investment strategies to enable us to build portfolios tailored to your specific needs.

Our disciplined approach

For every manager selected, the team conducts comprehensive due diligence using both investment and business criteria. After selection, we continue to monitor:

- Fund performance and overall attribution
- Business and operational platforms through annual on-site visits
- Provider roles and responsibilities
- Governing documents and audited financial statements

Our highly selective, comprehensive process helps ensure that you and your advisor can choose from the best opportunities available, from stand-alone, single strategy funds to diversified alternative portfolio offerings.
Access opportunity.

You can better pursue your goals with the strength, experience and commitment of U.S. Trust behind you.

Speak to a portfolio manager today to learn more about the offerings available to you.
Important disclosure information.

The investments discussed have varying degrees of risk, and there is always the potential of losing money when you invest in securities, and future prospects may not be realized. Some of the risks involved with equities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Investments focused in a certain industry may pose additional risk due to lack of diversification, industry volatility, economic turmoil, susceptibility to economic, political or regulatory risks and other sector concentration risks. Bonds are subject to interest rate, inflation and credit risks. Income from investments, if any, may fluctuate. Investments in foreign securities involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets.

When considering the appropriateness of mutual funds or alternative investments, please be aware that there are significant differences between these investments which will cause their investment portfolios, performance, tax treatment and other factors to differ. These differences include the types, availability and diversity of securities that can be purchased, economies of scale, regulations and other factors applicable to their management. Subsidiaries of Bank of America Corporation do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties. Clients should consult their advisor as to any tax, accounting or legal statements made herein.

This material is provided for informational purposes only by Global Wealth & Retirement Solutions (“GWRS”) Alternative Investments Group (“GWRS AI Group”) and is not a publication of BofA Merrill Lynch ("BofA-ML") Global Research. The views expressed are those of GWRS AI Group, are developed in consultation with Global Wealth & Investment Management Chief Investment Office ("GWIM CIO") and are subject to change. While some of the information contained in this primer may drive upon research by BofA-ML Global Research, this material is neither reviewed nor approved by BofA-ML Global Research. This presentation does not constitute as legal, tax, investment or any other advice.

This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Although certain information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness. We have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Alternative investments are speculative and involve a high degree of risk. There generally are no readily available secondary markets, none are expected to develop and there may be restrictions on transferring fund investments. Alternative investments may engage in leverage that can increase risk of loss, performance may be volatile and funds may have high fees and expenses that reduce returns. Alternative investments are not suitable for all investors. Investors may lose all or a portion of the capital invested.

There may be conflicts of interest relating to a mutual fund(s) or an alternative investment product(s) and its service providers, including Bank of America Corporation, and its affiliates, who are engaged in businesses and have clear interests other than that of managing, distributing and otherwise providing services to the mutual fund or alternative investment. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by the mutual fund or alternative investment, or in other investment vehicles that may or may purchase such securities and instruments. These are considerations of which investors in the mutual fund or alternative investment should be aware.

Investors should bear in mind that the global financial markets are subject to periods of extraordinary disruption and distress. During the financial crisis of 2008–2009, many private investment funds incurred significant or even total losses, suspended redemptions, or otherwise severely restricted investor liquidity, including increasing the notice period required for redemptions, instituting gates on the percentage of fund interests that could be redeemed in any given period and creating side pockets and special-purpose vehicles to hold illiquid securities as they are liquidated. Other funds may take similar steps in the future to prevent forced liquidation of their portfolios into a distressed market. In addition, investment funds implementing alternative investment strategies are subject to the risk of ruin and may become illiquid under a variety of circumstances, irrespective of general market condition.

Certain information contained in this document constitutes forward looking statements, opinions, or beliefs. Due to various risks and uncertainties, actual events or results may differ materially from such forward looking statements, opinions, or beliefs. Certain information herein has been obtained from third party sources and, although believed to be reliable, has not been independently verified and its accuracy or completeness cannot be guaranteed. No representation is made with respect to accuracy, completeness or timeliness of this document.
Important disclosure information.

**Certain Risks Associated with Investing in Alternative Investments**

- Alternative investments are speculative and involve a high degree of risk.
- Alternative investments trade on a leveraged basis which increases the risk of loss.
- Performance can be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- The use of a single fund-of-funds manager applying one set of allocation procedures could mean lack of diversification and, consequently, higher risk.
- There is no secondary market for the investor’s interest in the fund and none is expected to develop.
- There may be restrictions on transferring interests in the alternative investment.
- High fees and expenses may offset the underlying manager’s trading profits.
- A substantial portion of the trades executed by the underlying managers may take place on non-U.S. exchanges.

**Non-Traditional funds** ("NTFs") are mutual funds and exchange-traded funds that are classified as alternative investments because their principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet their investment objectives. Though the portfolio holdings of NTFs are generally made up of stocks and bonds, NTFs may also hold other asset classes and may use short selling, leverage and derivatives. While the strategies employed by NTFs are often used by hedge funds and other alternative investment vehicles, unlike hedge funds, NTFs are registered with the SEC and thus subject to a more structured regulatory regime and offer lower initial and subsequent investment minimums, along with daily pricing and liquidity. While these investment vehicles can offer diversification within a relatively liquid and accessible structure, it is absolutely essential to understand that because of this structure, NTFs may not have the same type of non-market returns as other investments classified as alternative investments (such as hedge funds) and thus may serve as an imperfect substitute for such other investment vehicles.

The risk characteristics of NTFs can be similar to those generally associated with traditional alternative investment products (such as hedge funds). No assurance can be given that the investment objectives of any particular alternative investment will be achieved. Like any investment, an investor can lose all or a substantial amount of his or her investment. In addition to the foregoing risks, each alternative investment vehicle is subject to its own varying degrees of strategy-specific or other risks. Whether a particular investment meets the investment objectives and risk parameters of any particular client must be determined case by case. You must carefully review the prospectus or offering materials for any particular fund/pooled vehicle and consider your ability to bear these risks before any decision to invest.

The "efficient frontier" tracks the relationship of rate of return and performance volatility (as measured by standard deviation). While performance volatility is one widely-accepted indicator of risk in traditional investment strategies, in the case of alternative investment strategies, performance volatility is an indicator of only one dimension of the risk to which these actively-managed, skill-based strategies are subject. There is a "risk of ruin" in these strategies which has historically had a material effect on long-term performance but which is not reflected in performance volatility. From time to time, extremely low volatility alternative investments have incurred sudden and material losses. Consequently, any comparison of the "efficient frontier" of traditional and alternative investments is inherently limited. In addition, any comparison of actively managed strategies and passive securities indexes is itself subject to inherent material limitations, as is the selection of what index should be used as representative of alternative investment strategies.

Standard deviation is only one measure of risk, assesses performance volatility only (not absolute performance or risk exposure to events which did not happen to occur during the period presented) and does not reflect the "risk of ruin" inherent in alternative strategies, a risk which is not present in traditional bond and stock portfolios. Furthermore, the performance of a hedge fund index is unlikely to be representative of the performance of any investor’s actual hedge fund portfolio, and the methodology by which the Index is compiled may self-select for an optimized ratio of rate of return to standard deviation. The comparison of an index of actively managed products such as hedge funds to passive securities indexes is subject to material intrinsic limitations.

No part of this material may be (i) copied, photocopied or duplicated in any form, by any means, or (ii) distributed to any person who is not an employee, officer, director or authorized agent of the recipient, without prior written consent.
Index definitions.

The indexes shown are provided for illustrative purposes only. They do not represent benchmarks or proxies for the return of any particular investable hedge fund product. The hedge fund universe from which the components of the indexes are selected is based on funds which have continued to report results for a minimum period of time. This prerequisite for fund selection interjects a significant element of—survivor bias into the reported levels of the indexes, as generally only successful funds will continue to report for the required period, so that the funds from which the statistical analysis or the performance of the indexes to date is derived necessarily tend to have been successful. There can, however, be no assurance that such funds will continue to be successful in the future. GWRSAI Group assumes no responsibility for any of the foregoing performance information, which has been provided by the index sponsor. Neither GWRSAI Group nor the index sponsor can verify the validity or accuracy of the self-reported returns of the managers used to calculate the index returns. GWRSAI Group does not guarantee the accuracy of the index returns and does not recommend any investment or other decision based on the results presented. Reference to indexes or other measures of relative market performance over a specified period of time (each, an index) are provided for illustrative purposes only and do not imply that any Bank of America account, fund or portfolio will achieve returns or volatility results similar to the index. The figures for the index reflect the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indexes. We strongly recommend that these factors be taken into consideration before an investment decision is made.

**S&P 500 Total Return Index (U.S. stocks):** A market-capitalization-weighted index that measures the market value of 400 industrial stocks, 60 transportation and utility company stocks and 40 financial issues.

**Barclays U.S. Aggregate Bond Index (Bonds):** The index is composed of futures contracts on physical commodities. In order to avoid the delivery process and maintain a long futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. No sector may constitute more than 33% of the index, and no single commodity may constitute more than 15% or less than 2% of the index. The index is rebalanced and rebalanced annually on a percentage of thousand of U.S. and European venture capital and buyout funds formed since 1969. Sources are financial documents and schedules from Limited Partners investors and General Partners. All returns are calculated net to investors (net of fees and carried interest) by Thomson Reuters from the underlying financial cash-flows using both cash on cash returns (distributions and capital calls) and the unrealized net asset value of funds as reported by private equity fund managers. The "U.S." category includes only U.S. funds. The "All Venture" category includes data from early / seed, and later-stage financing. Historical data is revised when funds are added or removed.

**HFRI Fund Weighted Composite Index (Fund of Hedge Funds):** A benchmark compiled by Hedge Fund Research Inc. and is designed to reflect hedge fund industry performance by constructing equally weighted composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

**NCREIF Property TR Index (Real Estate):** A market-capitalization-weighted index that measures the market value of 400 industrial stocks, 60 transportation and utility company stocks and 40 financial issues.

**Bloomberg Commodity (Cmdty) Total Return Index** is estimated from NCREIF Property Index property sales in each quarter and measures average gross total return and average gross price return at the property level. Returns are provided for office, retail, apartment, and industrial properties. Additionally, estimated returns are grouped by geographic regions: west, south, midwest, and east. The NTBI is equal-weighted and reports gross of fees.

**The Citigroup 3-Month U.S. Treasury Bill Index** is an unmanaged index representing monthly return equivalents of yield averages that are not marked to market.