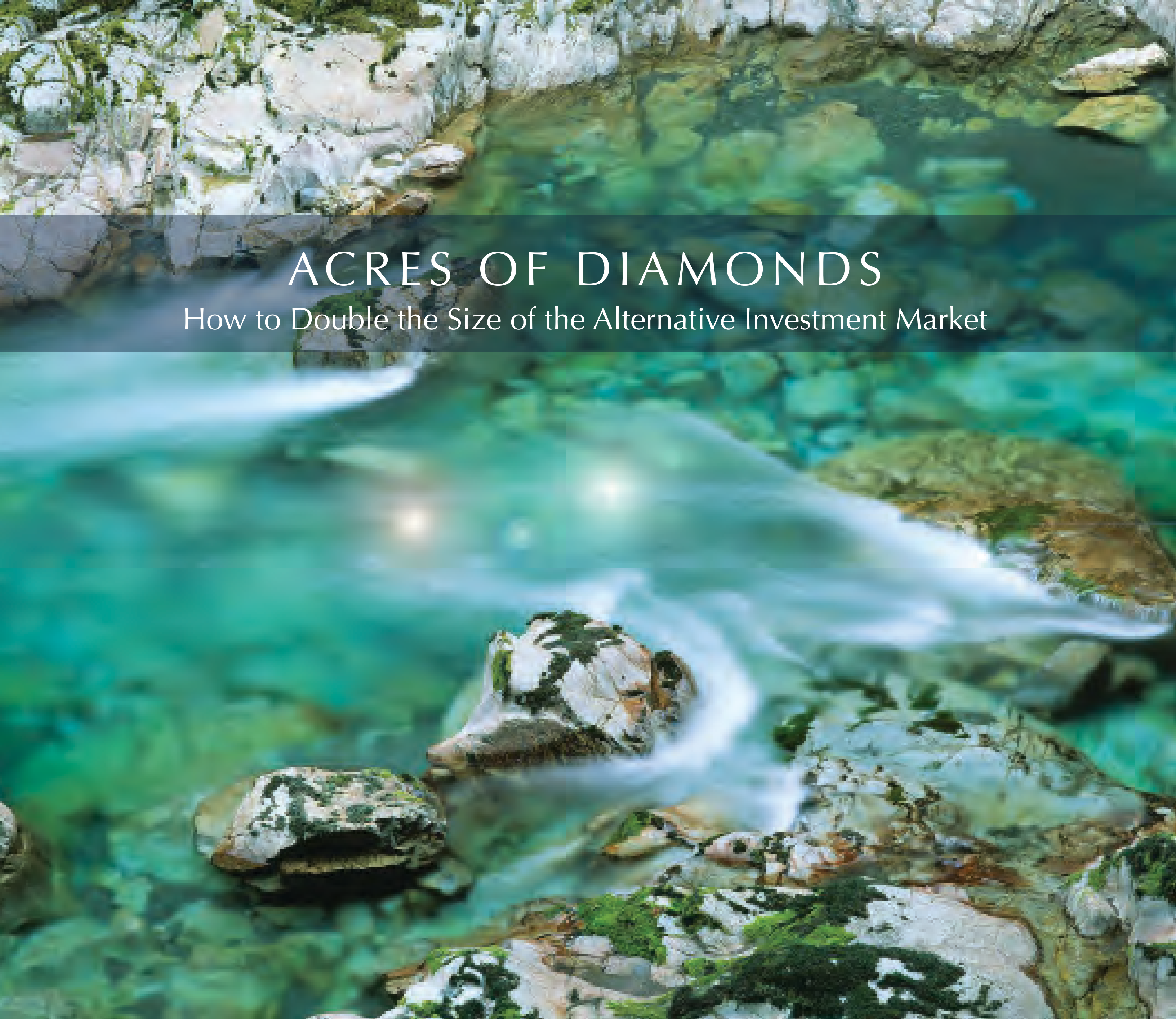

ACRES OF DIAMONDS

How to Double the Size of the Alternative Investment Market

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ACRES OF DIAMONDS

How to Double the Size of the Alternative Investment Market

Russell Conwell, a Civil War veteran and lawyer, is famous for a speech he gave thousands of times called Acres of Diamonds. Mr. Conwell relates a story he heard as a young man while travelling down the Tigris River on some great adventure. The story goes that a wealthy farmer was visited by an ancient Buddhist priest who explained many things about the origins of the world including quite a bit about diamonds and their great value. The farmer was overcome with diamond lust and the next morning inquired of the priest where one could find diamonds. The priest told him to look for a river between high mountains that runs over white sand, and there in the sands will be diamonds.

The farmer sold his farm, collected the money, and left his family in the care of others while he set off to find his fortune in diamonds. After much searching but no finding and eventually winding up wretched and broke, the once wealthy farmer cast himself into the ocean and never returned.

In the meantime, the new owner who purchased the farmer's land was out riding his camel when it bent to drink from a stream. The man noticed a bright flash of light in the stream coming from a small spot on a black stone that reflected light brilliantly. He kept the stone and placed it on his mantel at home. A few days later, the same priest that had educated the original farmer on diamonds dropped by to visit the new owner. He immediately noticed a flash of light from the mantel and exclaimed it to be a diamond! At first the priest believed the farmer had returned from his search successful and brought diamonds home, but the new owner corrected him saying that it was only a stone from the stream in the garden. The priest insisted it was a diamond whereupon they rushed to the stream and in searching the sands found many more beautiful and valuable diamonds. And thus were discovered the famed diamond mines of Golconda. The wealthy farmer-turned-diamond-seeker was living on acres of diamonds and tragically never realized it.

The moral of the story is that we are always surrounded by opportunity if we will only take the time to dig for and work at it rather than casting our eyes over the horizon.

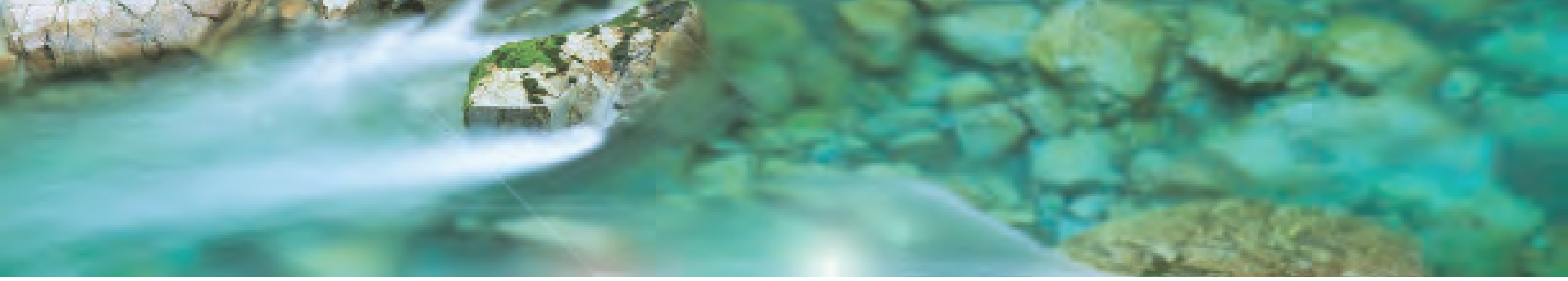
Everyone involved in the alternative investments industry from asset sponsors to the individual B/D registered representative or investment advisor that recommends such assets to clients is now standing in the middle of acres of diamonds. In short, alternative investments have tremendous additional intrinsic value for clients and advisors that few in the industry seem to understand or market.

At recent industry conferences, there has been much discussion about increasing the size of the alternative asset market. There has been very little discussion about how to actually do it. The competition for investor dollars is fierce with new products being launched constantly. Consider the many new variations of annuities, exchange traded funds and other investment product innovations in just the last few years. It is difficult to stand out in such a large crowd.

This white paper shows how easy it is for alternative assets to stand out from the crowd and how to mine the diamonds that already exist in these products. By understanding and marketing the concepts presented herein, the alternative asset market will increase by huge amounts almost overnight without the need to introduce a single new product or variation on existing products.

The investments discussed in this white paper are generally referred to as alternative investments or alternative assets in the financial industry. They share certain common traits such as limited or no liquidity, limited or no active trading market, minimum holding terms, access to portfolios/assets/managers that are otherwise generally unavailable to retail clients, restrictions on who can purchase interests, among others. These assets include, but are not limited to, the following:

- Non-traded or non-listed REITs
- Business development corporations (BDCs)
- Oil & gas partnerships
- Interval funds
- Hedge funds
- Tenants-in-common (TICs)
- Private investment funds
- Private equity funds
- Real estate LPs/LLCs
- Reg D offerings
- Other non-traded assets



ALTERNATIVE INVESTMENTS - THE IRA ADVANTAGE

The following hypothetical conversation between an advisor and their client highlights just one significant advantage to clients holding alternative investments inside IRAs and shows how easy it is to convey these added benefits. The exchange also displays additional business and sales opportunities created for the advisor, the B/D or RIA firm, the asset sponsor and other allied professionals.

Advisor: Thanks for coming in today Bill. I've got some great news.

Client: Excellent. I'm always happy to get good news about my investments.

Advisor: Remember that discussion we had a little while back about Roth conversions?

Client: Yes, basically I can convert my old IRA into a Roth IRA, but I have to pay taxes on the conversion. I like the idea of having the Roth IRA because it's tax-free down the road, but I don't like the idea of paying so much tax. My IRA is pretty large, so it was going to be a big hit.

Advisor: Well, the good news is that we might be able to do that conversion after all and not pay nearly as much tax as we thought. In fact, the tax savings is so large that I felt it important to schedule this meeting today to go over it with you.

Client: Really? Well, now I'm even more interested.

Advisor: As you just mentioned, when someone does a Roth conversion they have to pay tax on the amount converted. Your IRA holds shares of XYZ Alternative Fund [Insert your favorite non-traded alternative product or DPP here]. And as you recall, when we looked at this idea before, the share price showing on your account was $10. Since you own 10,000 shares, your account value showed $100,000. All of this was going to be subject to tax if you went forward with the Roth conversion.

Client: Exactly. $100,000 is a lot of extra taxable income for one year, and I didn't want to have to dip so hard into my other assets to pay the tax. I'm already in the top bracket and don't like writing that check each April 15th as it is.

Advisor: Well, the good news is that now you can do the conversion and you'll only have to pay tax on $65,000.

Client: Come again? How does that work?

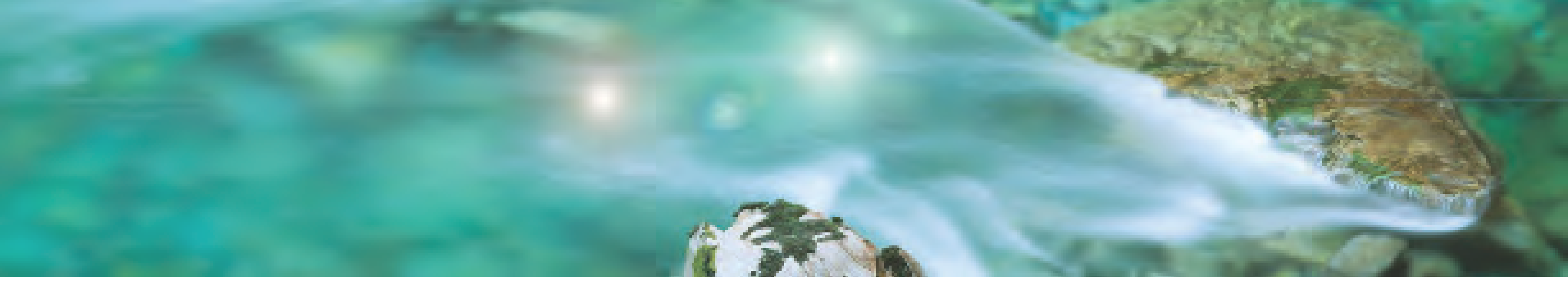
Advisor: It turns out that $100,000 is the net asset value (NAV) of your shares, but that's not the number we're supposed to use for tax reporting. The tax rules require assets to be reported at their fair market value (FMV).

Client: What's the difference?

Advisor: Think of NAV as the book value of your shares. If you add up the value of all the assets in XYZ Alternative Fund and then divide that by the total number of shares held by investors, you would get NAV. Does that make sense?

Client: Sure, it's just like how they value my mutual funds at NAV every day when the market closes.

Advisor: Exactly. Now FMV is a little bit different. FMV is defined as the price a willing buyer and willing seller would agree to if someone wanted to



sell their shares. Since XYZ Alternative Fund is a non-traded illiquid asset we can't just look up the trading price of the shares on any given day like we can with a stock.

Client: Then how do we figure out the FMV if we can't just look it up?

Advisor: We have to get an appraisal to determine FMV. Think of it like getting an appraisal on a rental property before you buy it. You can't look up the trading price of a specific house on your street, so you hire an appraiser to determine the FMV based on all the relevant factors.

Client: OK, so do I have to hire an appraiser to value the shares? How much does that cost?

Advisor: No, luckily XYZ Company just instituted a new policy where they get the appraisal on behalf of all the investors and now they report both NAV and FMV to our firm. XYZ Company has a great representative in our area and that's how I learned about this new policy and the possibility of saving tax on your Roth conversion.

Client: How so?

Advisor: When the appraiser looks at all the relevant information to value a non-traded illiquid asset such as XYZ Alternative Fund they have to take into account the fact that investors can't just sell their shares any day of the week for a known price on the exchange. For those and other reasons that vary from product to product, they usually apply a discount to the NAV when determining the FMV. In other words, FMV is almost always less than NAV.

Client: How much lower?

Advisor: In the case of XYZ Alternative Fund the newly reported FMV is $6.50 and the NAV is still $10.

Client: So I lost $3.50 a share?

Advisor: No, not at all. The underlying value of the share is still $10 and that's what still shows on your account statement. But when reporting the value for tax purposes, you get to use $6.50. Another way to think of it is that it's not really fair to tax you on $10 when you can't convert the share into ten one dollar bills any old time you like. So having the reduced FMV is a huge advantage.

Client: OK, I think I'm following you.

Advisor: It's just like when we sold that closed-end mutual fund you used to own. It was trading at a discount which means the trading price was less than the fund's NAV. And for tax purposes, your gain was figured using the actual price when you sold it, not the NAV which was higher.

Client: That makes sense. So my total FMV for Roth conversion purposes is only $65,000 even though the underlying NAV is still $100,000.

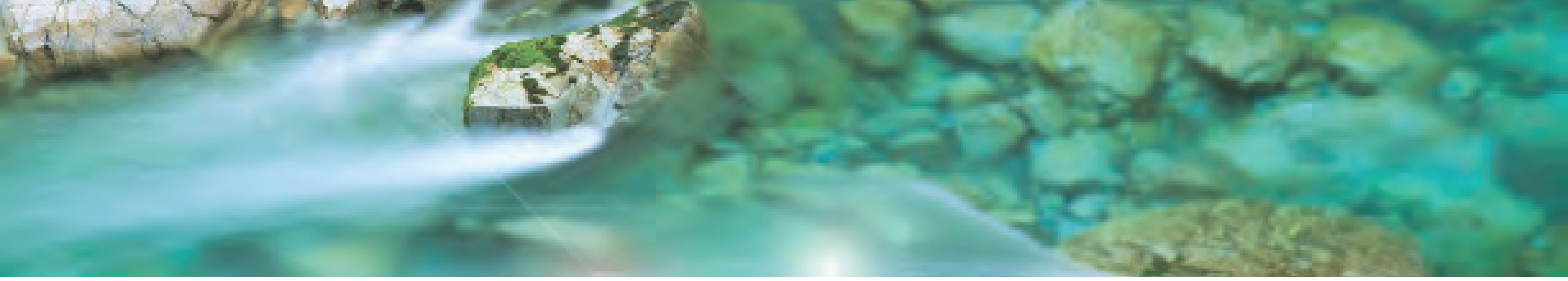
Advisor: You got it.

Client: And if we do the Roth conversion, I only have to pay tax on $65,000?

Advisor: Right again.

Client: Wow – that's a thirty-five percent tax savings! Plus I get it all into the Roth IRA so it's tax-free when I need it later on. And if the XYZ Alternative Fund shares eventually cash out at $10 or more like we hope, then I only paid tax on $65,000 and not $100,000 or more.

Advisor: Precisely, and you're paying tax at today's rates before they go up next January as scheduled. So how do you feel about the Roth conversion now?



Client: Let's do the paperwork today. Hey, are you telling all your clients about this?

Advisor: Yes, I'm telling everyone that already owns shares of XYZ Alternative Fund even if they already did a Roth conversion. And we're reallocating several portfolios and buying shares of XYZ Alternative Fund for other clients that need this type of investment and who can also benefit from the tax advantages.

Client: What good is it to tell clients that already did a Roth conversion?

Advisor: The rules allow you to undo Roth conversions up until October 15th of the year after the conversion. So we have lots of clients that did conversions last year that we can still undo. Many of them would benefit from adding XYZ Alternative Fund to their portfolios and now they'll benefit even more by buying shares in their IRAs and then reconverting to a Roth later using the reduced FMV for tax reporting.

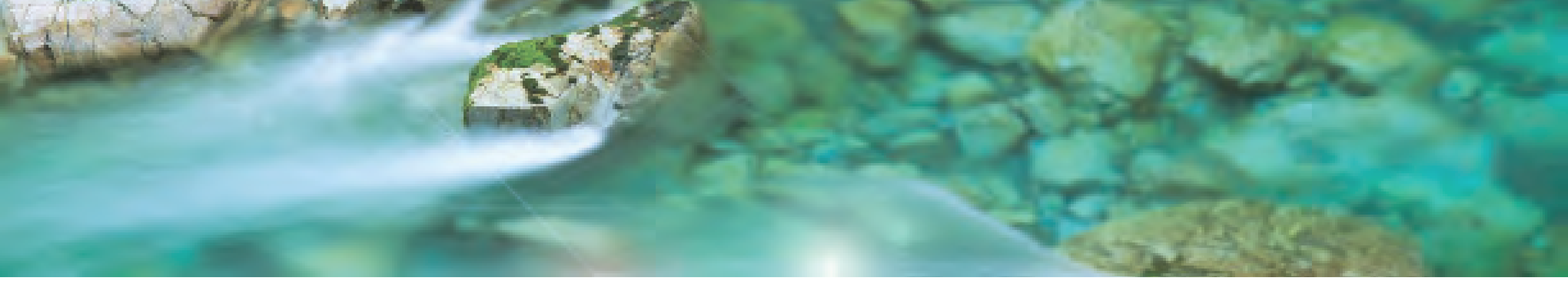
Client: That's an excellent idea. My golf buddy was just talking about how he did a Roth conversion last year and now the taxes are coming due which he doesn't like. He'd love to know about this idea. I'm going to introduce you two. Also, my CPA has lots of clients that could use this information. Let's get together for lunch on Friday and you can show her this strategy.

Advisor: Sounds great! Thank you very much!

Client: You just saved me well over $10,000 in tax – thank you very much!

Review some of the many benefits to each of the interested parties from that one short client meeting:

- Client – gains significant tax advantage and greatly improves his overall investment and retirement picture, happy to own XYZ products.
- Advisor – solidified client relationship, got a new client referral, got a very warm introduction to a CPA that will likely be a huge referral source going forward, has a reason to contact multiple clients about these new opportunities.
- B/D or RIA – gains significant sales of the alternative product described, gains new client accounts and assets under management from referrals, brings a new planning solution to existing clients.
- Asset sponsor – gains many new sales and builds extreme client and advisor loyalty to their alternative products, advisor will sell XYZ products over other alternatives of the same genre to take advantage of the competitive edge provided by XYZ, got a new advocate for their products via the CPA.



ESTATE PLANNING - A CASE FOR ALTERNATIVE INVESTMENTS

As a continuation of the advisor/client conversation shown earlier, the following dialog reflects additional opportunities to use alternative investments to achieve tax benefits. This discussion again highlights how easy it is for advisors to increase referral opportunities, professional relationships and their business by understanding these additional benefits of alternative investments. B/Ds, RIAs, asset sponsors and other allied professionals such as attorneys and CPAs all benefit from these opportunities to help clients that own or should own alternative investments within their portfolios.

Client: Hey Tom, thanks again for sharing that info with me about my XYZ Alternative Fund shares and helping me save so much tax on that Roth conversion.

Advisor: My pleasure Bill.

Client: I had a meeting with my estate planning attorney yesterday to review some new recommendations for my estate plan and I told him about the Roth conversion we did. He was really interested in the whole thing and especially the part about the difference between FMV and NAV on my alternative investment shares.

Advisor: Great, I'd be happy to talk with him and answer any questions he may have.

Client: OK great, that's what I thought and I know you had a really good follow up meeting with my CPA. Please give my attorney John a call when you have a chance and give him the scoop on the XYZ Alternative Fund stuff. Thanks.

Advisor: I'll call him as soon as we hang up.

Advisor: Hi John, my name is Tom and our mutual client, Bill, asked me to give you a call regarding some questions about his alternative investments.

Attorney: Excellent, thanks for calling Tom. Yes, I'm very interested to learn more about the valuation difference between FMV and NAV that Bill told me about.

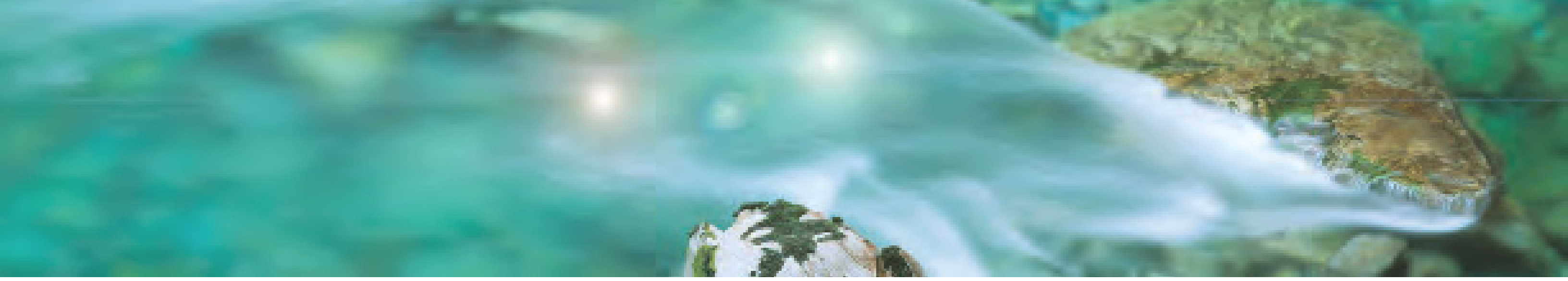
Advisor: Sure, no problem. In a nutshell, XYZ Company has a new valuation policy where they are now providing both NAV and FMV for their shares.

Attorney: Why did they start doing that?

Advisor: Well, it's actually an added benefit to clients that own their shares. For a long time, they only provided NAV for reporting on account statements per the FINRA rules. But tax reporting rules are different because they require FMV. So XYZ Company started to provide both figures to help clients and investment firms with proper reporting.

Attorney: But you said it's an advantage to clients. How so?

Advisor: Because generally, the FMV is less than NAV due to a variety of discounting factors that come into play. For example, XYZ Alternative Fund shares are non-traded and illiquid. Clients cannot convert them into cash on any given day. So an appraisal is required to determine the proper FMV. And when reporting the value of a taxable transaction, like Bill's Roth conversion, a lower value is better and saves the client tax.



Attorney: Hey, that sounds a lot like the concepts of lack of marketability, lack of control, lack of liquidity and others that we use all the time in estate planning cases to get discounts on the value of assets such as closely held businesses, partnerships and other assets.

Advisor: Exactly. The same principles apply to more mainstream illiquid and non-traded assets as well.

Attorney: Do all the alternative asset sponsors provide both FMV and NAV on their products?

Advisor: Unfortunately, no. XYZ Company is the first and they provide great training for advisors on these strategies also. So we're using their products exclusively for our clients that need alternative investments because clients like getting the added tax benefit on top of the investment advantages.

Attorney: But clients holding other alternative assets could hire an appraiser on their own to determine FMV of those holdings, right?

Advisor: Yes, but as you know from your cases, that can get very expensive. It's easier to just use the XYZ Company products since they take care of that for our clients.

Attorney: So if I have estate planning clients that already own XYZ Company products, we can start integrating those assets into our planning scenarios whenever it is beneficial to have a lower FMV for reporting purposes.

Advisor: Definitely.

Attorney: I can already think of a lot of opportunities to use this to our clients' advantage. Assets with a FMV less than their NAV are perfect for gifting transactions, transfers to GRATs, transfers to charitable lead trusts, intra-family sales, prefunding of ILITs, reducing the value of the gross estate and tons of other applications.

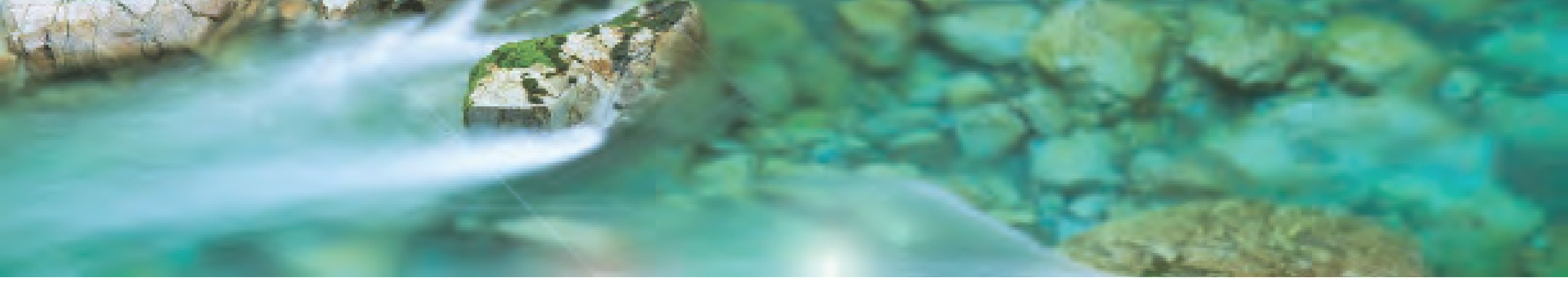
Advisor: Yes, a lot of the things you mentioned were discussed in the training from XYZ Company. We only did a Roth conversion with Bill, but even for IRAs there are many more ways to benefit. Things like reducing required minimum distributions (RMDs) for clients that don't want them, lowering the tax on IRA withdrawals, extending stretch IRAs even longer. The list goes on and on.

Attorney: If a client of mine doesn't already own any XYZ Company products but could benefit from these opportunities in their estate planning, can they buy shares through you?

Advisor: Of course. I'm happy to work with you and review your clients' portfolios. Note that we always have to make sure an investment is suitable for a particular client and their investment goals before buying shares. But we find many clients who should have exposure to some degree of alternative assets that don't own any, so this would be a great opportunity to enhance their portfolios and also provide great estate planning opportunities.

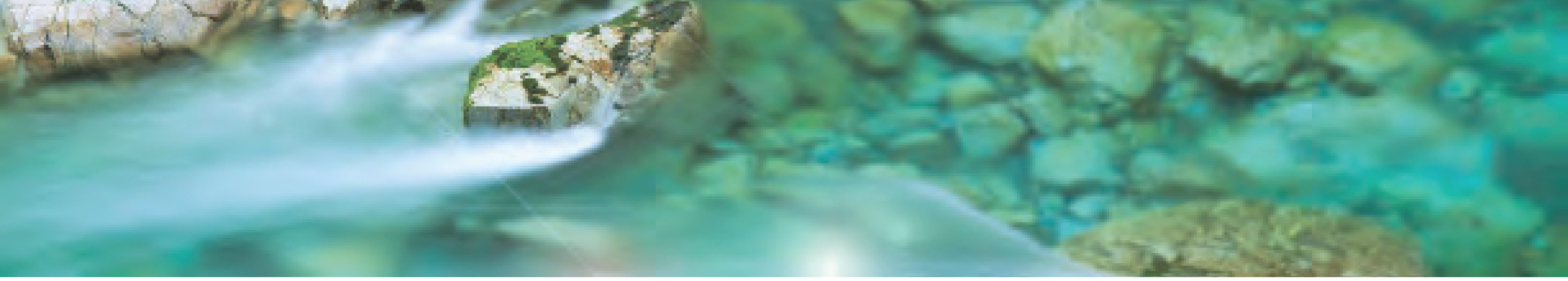
Attorney: Absolutely. I'm going to work on a list of clients that need to look at this and then I'll get with you on scheduling appointments for them. We can do the initial meetings here in my office to review these concepts and also take an initial look at their account holdings.

Advisor: That sounds great. Thanks a lot, John. I'm really looking forward to working with you and your clients.



Review some of the many benefits to each of the interested parties from that one short conversation with a new professional contact:

- Attorney – has new opportunities to reconnect with existing clients and attract new ones, opens up many planning opportunities that can greatly benefit clients.
- Advisor – got a very warm introduction to an attorney that will be a huge referral source both immediately and in the future, has new reasons to contact multiple clients and prospects about estate planning opportunities, developed a new professional relationship in the community.
- B/D or RIA – gains significant sales of the alternative product described, gains new client accounts and assets under management from referrals, brings a new planning solution to existing clients.
- Asset sponsor – gains many new sales and builds extreme client and advisor loyalty to their alternative products, advisor will sell XYZ products over other alternatives of the same genre to take advantage of the competitive edge provided by XYZ, gains a new proponent/advocate of their products via the estate planning attorney.



NAV vs. FMV

The core benefit to the client in each dialog above is found in the difference between net asset value (NAV) and fair market value (FMV). The following questions and answers highlight some main points of how these numbers differ and why:

What is NAV?

NAV is the value of the underlying portfolio divided by the number of shares outstanding. For example, assume an alternative investment fund holds $1 billion of assets and there are 100 million shares held by investors. The NAV is $10 ($1 billion / 100 million shares = $10).

What is FMV?

FMV is the price at which an asset would change hands between a willing buyer and willing seller assuming both have knowledge of all relevant facts and neither is being compelled to act. [See Additional Resources Page]

Are NAV and FMV ever the same?

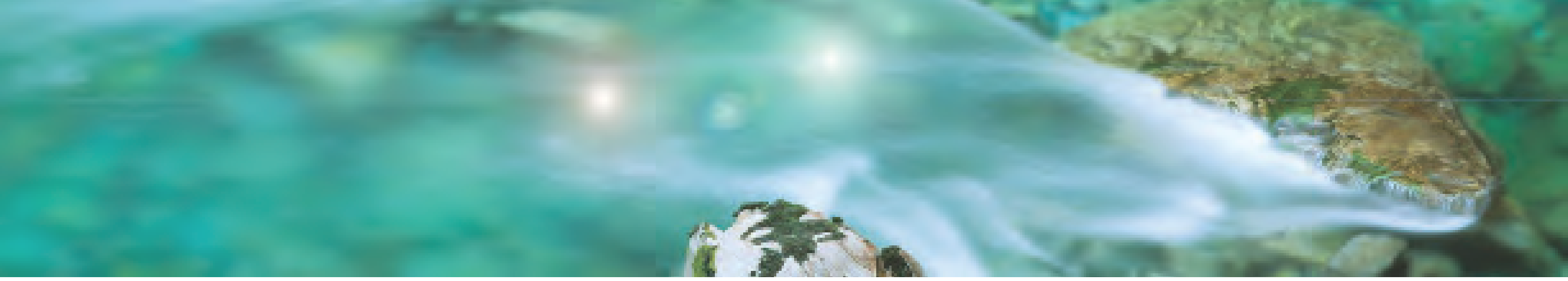
Yes. For example, open-end mutual funds are priced daily to determine their NAV which is also their FMV because that is the price at which new clients may buy shares. Also, non-traded investments that have an unrestricted open-ended redemption policy where investors can liquidate their shares at full NAV will have an equal FMV.

Are there any examples where NAV and FMV are different in the publicly traded markets?

Yes. For example, closed-end mutual funds typically have two different values for FMV and NAV. The NAV is calculated as described above, but FMV is determined by the current trading price on the exchange. Closed-end funds trading higher than their NAV are said to trade at a premium, and funds trading below their NAV are said to trade at a discount.

What causes a difference between FMV and NAV in non-traded alternative assets?

There are many factors that can cause a difference and they vary from product to product depending on the specific features of each. Three of the more common factors are lack of liquidity, lack of marketability (limited or no trading market), and lack of control. Other factors can be more asset-specific such as the makeup of the underlying portfolio of assets, early redemption programs or lack thereof, timing and amount of distributions, expected term to liquidation or liquidity event, and many more.



Is FMV always lower than NAV in a non-traded alternative investment?

Not necessarily, however, a large majority of the time FMV will be lower than NAV due to the types of factors described above. Factors such as illiquidity and lack of marketability are discounting factors that reduce FMV.

How do you determine FMV of a non-traded asset?

An appraisal is required to determine the FMV of an asset that does not have a readily active trading market. The appraiser must take into account all the relevant factors and determine what a willing buyer and willing seller might agree to in a sale transaction. It is very similar to an appraisal on real estate since one cannot look up the trading price of a particular house from a public exchange.

Why is FMV important?

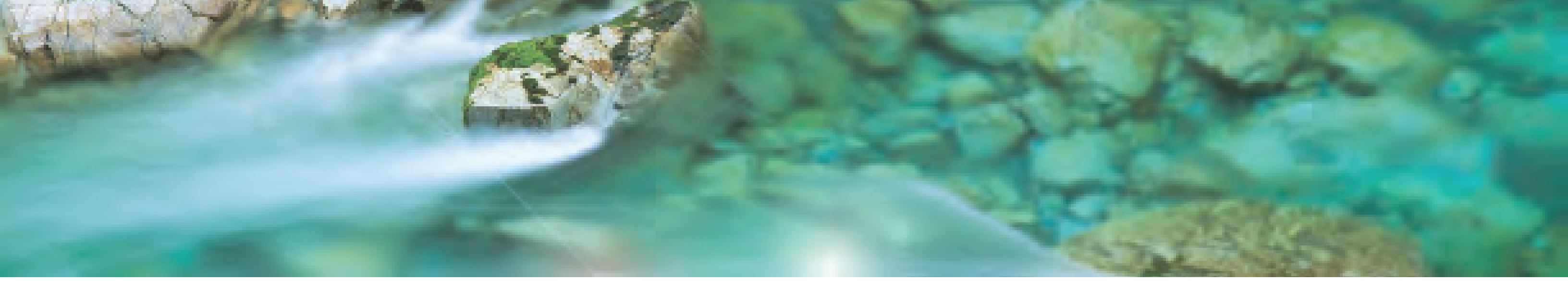
FMV is the value required for all tax reporting purposes including gift and estate tax transactions, retirement account transactions, charitable gifting transactions, and more.

Is there a tax advantage when FMV is lower than NAV?

Yes, most of the time. Most gifting, estate planning and taxable retirement account transactions benefit from a lower FMV since the tax owed is typically based on the total FMV of the assets involved in the transaction. Charitable gifts generally do not benefit from a reduced FMV since the amount of charitable tax deduction is typically based on the total FMV of the asset gifted.

What is the average difference between NAV and FMV?

There is no specific rule of thumb and every product is different with multiple factors affecting the valuation process. However, it is common to find adjustments from NAV ranging between 10% - 60% depending on the specific asset being valued. In 2011, a large well-known B/D firm applied discount adjustments to various non-traded REITs ranging from 22% to 59%, with the average being 35%. The amount of valuation adjustment downward from NAV directly correlates to the amount of tax saved on many transactions.



Do any alternative asset sponsors currently provide both FMV and NAV for their products to clients and custodians?

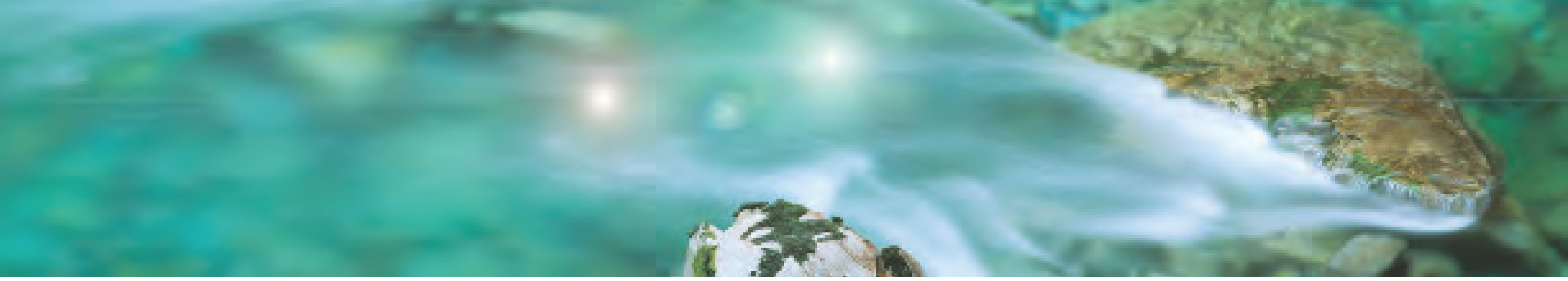
We are not aware of any alternative asset sponsors that currently provide both values. They generally report NAV or nothing at all. This represents a tremendous opportunity for sponsors to add value for clients and increase their market share.

How would B/D firms handle two different valuations being reported?

Under FINRA rules, B/D firms are required to report estimated NAV for alternative assets such as non-traded REITs and direct participation programs (DPPs) on customer account statements. [Note there are variations within this rule and Regulatory Notice 12-14 offers proposed amendments that include descriptions of when a member firm would not be required to report any value on customer statements. In all circumstances, however, the rule requires estimated NAV as the value to be reported.] Under the tax reporting rules, B/D firms are required to report FMV on Form 1099, Form 5498, etc. They are also required to use FMV to determine the required minimum distributions from IRAs. Since B/D firms are required to report these values as described, it is beneficial for an alternative asset sponsor to provide both values. Some B/D firms have a policy of using secondary market prices for alternative assets that do not provide a FMV for tax reporting, but not all products have such pricing available.

Why should alternative asset sponsors handle the appraisal process instead of letting individual clients hire their own appraisers?

There is great value in having consistency and control over the appraisal process by the asset sponsor. First, it is a significant competitive advantage as outlined in the hypothetical conversations shown previously because clients and advisors will gravitate to the firms that provide this information saving the extra cost to the client. Second, it ensures consistency in the value reported by all B/D firms rather than having different valuations from multiple clients each hiring different appraisers using different methodologies. Third, it protects the asset sponsor and their other clients from harm by appraisers that may not be qualified to value this type of asset resulting in an erroneous valuation report. Fourth, it allows for greater customer and advisor loyalty by controlling the conversation and highlighting the benefits to the client from having two different values reported. Fifth, it provides significant opportunity for the asset sponsor to engage new advisors, provide training and also attract other professionals such as CPAs and attorneys as key referral sources for new business. Sixth, it makes the B/D firm's job easier by taking the burden off the firm to determine the proper FMV for tax reporting and overall makes the alternative products from that sponsor more attractive to add to the B/D platform and promote to their advisors.



OPPORTUNITY

The core message of this white paper is opportunity. There is tremendous opportunity for alternative asset sponsors, B/D firms, and RIA firms to greatly increase the size of the alternative investment market. In fact, there is already a significantly larger market for such products if firms would simply begin taking advantage of it.

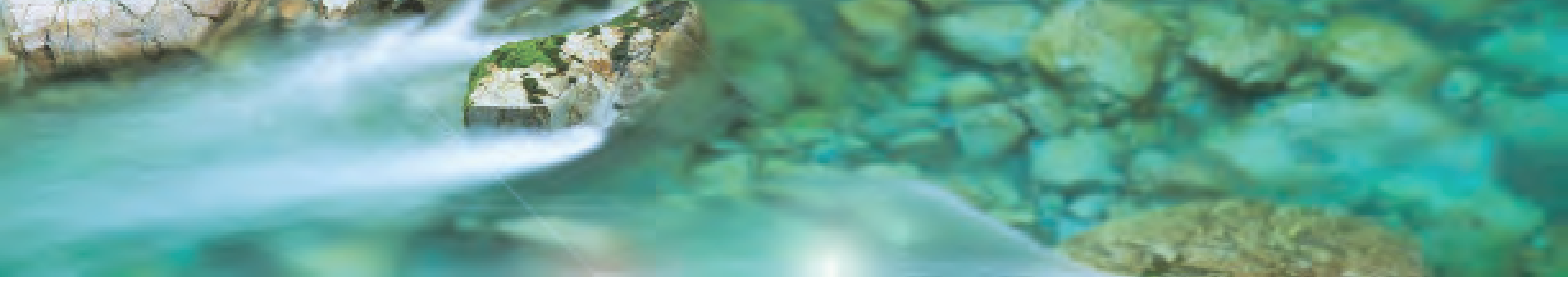
- How many existing clients holding alternative assets would be delighted to learn about the many tax saving opportunities available to them?
- How many advisors would be excited to call existing clients and deliver such good news?
- How many advisors would initiate significant prospecting efforts around these concepts?
- How many new professional referral relationships might be created by advisors and wholesalers highlighting these unique advantages only available with alternative assets?
- How many advisors would begin using alternative investments in client portfolios by understanding that what they viewed as limitations or negatives before (illiquidity, difficult to value) can actually be very positive for clients?

The industry does a very good job of marketing the unique investment advantages of alternative assets such as non-correlated returns, high yields, institutional quality management, exposure to expanded asset classes and so on. However, the industry does not address an entire separate class of client benefits associated with buying and owning their products. Companies should obviously market and exploit all the benefits provided by their products which will lead to more sales and greater client satisfaction. Imagine if FedEx only marketed that they will deliver your package to the intended recipient without ever mentioning they will do it overnight. That is effectively what the alternatives industry has done for years by not understanding and marketing the unique tax advantages offered by alternative investments.

Imagine three wholesalers making the following pitches to an advisor on the same day:

Wholesaler #1: Hi, I'm selling a non-traded alternative investment product with a 7% commission to reps or a 7% discount on the offering price for RIAs. It has a 6% annual dividend paid quarterly and a dividend reinvestment plan. We invest in high quality institutional class stuff and our team is really smart.

Wholesaler #2: Hi, I'm selling a non-traded alternative investment product with a 7% commission to reps or a 7% discount on the offering price for RIAs. It has a 6% annual dividend paid quarterly and a dividend reinvestment plan. We invest in high quality institutional class stuff and our team is really smart.

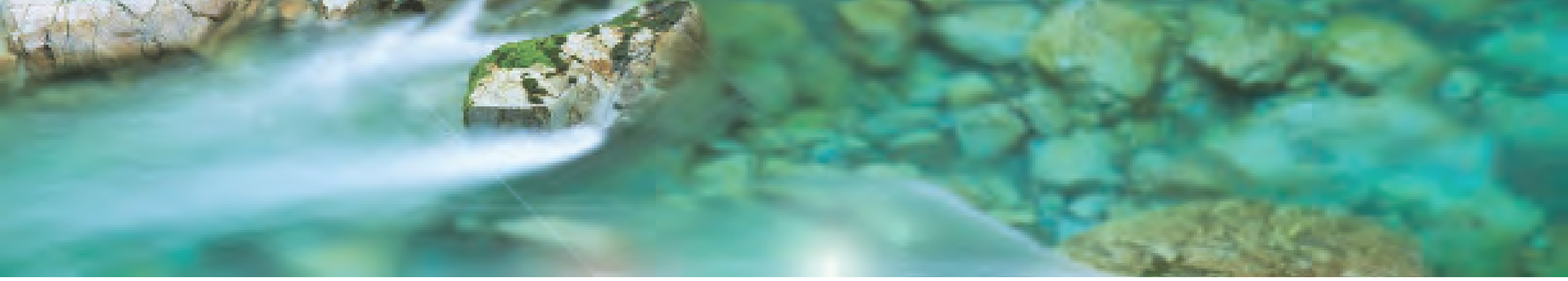


Wholesaler #3: Hi, our non-traded alternative investment product has some really unique and powerful tax advantages that can help you gain more clients and develop more professional referral sources with CPAs and attorneys. We offer special training for advisors that want to learn more about these planning solutions. For example, our product can be used in several ways to help reduce the tax impact on IRAs and in many gift and estate planning scenarios. Would you be interested in learning more?

The irony, of course, is that all three products are identical. They could each be a non-traded REIT, BDC, oil & gas deal, equipment leasing fund, hedge fund or many other alternative investment products.

Which wholesaler will gain more time and favor with the advisor? It doesn't matter if this is a new advisor contact or someone the wholesaler has called on and even done business with in the past. This is an exciting new reason to reach out and make contact with advisors new and old, hot or cold. There will be plenty of time to go into all the typical investment details of the product later on. Initially, the sales team just has to get the advisor's attention and set themselves apart from all the other similar sounding stories being pitched to the advisor daily.

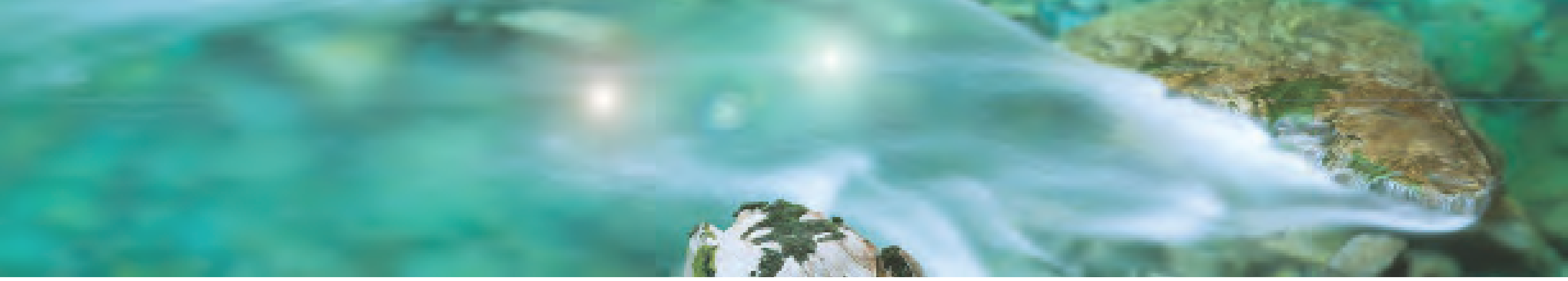
There is no better way to motivate a sales team to get excited and charge ahead in making contacts and sales calls than when they are given a unique competitive advantage over the competition that has the ability to dramatically increase their results. It is important to note that throughout this white paper it has been clear that these intrinsic benefits are present in a large majority of alternative investment products by multiple sponsors. This means there is enormous and unprecedented opportunity for the firms that first bring these concepts to advisors. By the time an advisor hears the story from twenty different providers, she has already developed a close affinity to the first two or three that brought the opportunity to her door and those firms will gain the lion share of new business.



DIAMONDS EVERYWHERE

Nowhere in this discussion has there been any mention of investment related features or benefits of any particular alternative investment. Taking advantage of the benefits described does not require any change to any investment program or fund. It does not need a new product or feature such as daily NAV reporting or the latest trading approach. These benefits do not require a new sales team to implement, nor do they require new selling agreements with additional firms. They don't demand new advisor relationships to garner additional sales, and in many cases will result in more sales to existing shareholders.

These intrinsic benefits already exist in most alternative investment products and can greatly increase the size of the alternatives market simply by understanding and marketing them to existing relationships! There are literally diamonds everywhere within the existing universe of alternative investment products just waiting to be mined by asset sponsors, B/Ds, RIAs and other allied professionals.



ADDITIONAL RESOURCES

The following list highlights several sources of additional information for those that want to better understand FMV and NAV as required valuations for various reporting purposes. Note the list is not exhaustive on this subject:

FMV required to report value of IRA annually on Form 5498:
IRS 2012 Instructions for Forms 1099-R and 5498, pg. 18

FMV required to report value of non-cash IRA distributions:
IRS 2012 Instructions for Forms 1099-R and 5498, pg. 8

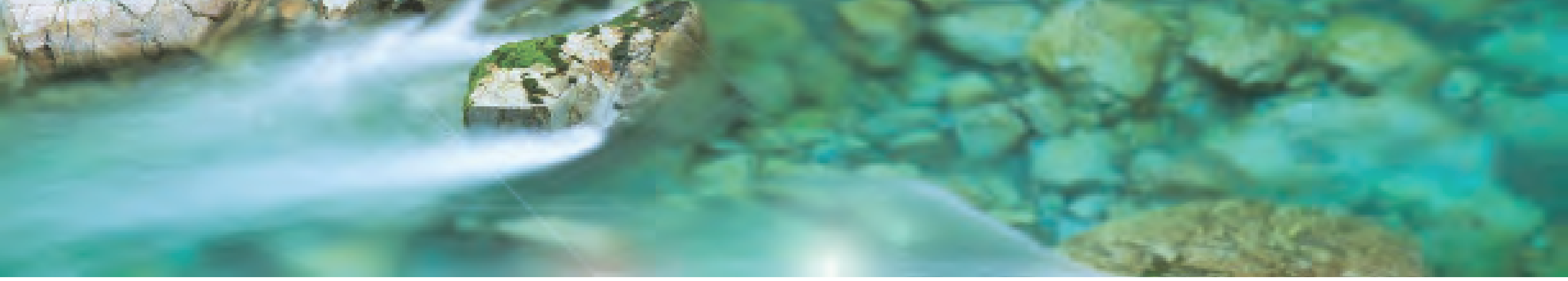
FMV required to report value of gross estate for estate tax purposes:
Treasury Regulations 20.2031-1(b)

FMV required to report value of gifts for gift tax purposes:
Treasury Regulations 25.2512-1

Definition of FMV ("willing buyer-willing seller rule"):
Treasury Regulations 1.412(c)(2)-1(c)(1), 20.2031-1(b), 25.2512-1
Revenue Ruling 59-60, 1959-1 C.B. 237

Reporting of per share estimated NAV on customer account statements:
NASD Rule 2340
FINRA Regulatory Notice 12-14

Comprehensive review of tax strategies for IRAs holding alternative assets:
Luby, J. (2011). *KEEP IT! Advanced Tax Strategies for IRAs*. Henderson, NV: West Lakes LLC.



EMPOWER

Competitive Edge Through Knowledge

Jagen™ is an education and consulting firm serving the financial, tax and estate planning communities. Our expertise is specifically in the field of advanced tax and financial planning strategies using alternative assets. We write, speak and consult on these topics for alternative asset sponsors and professional advisors.

We have written for publications such as *Investment Advisor, Financial Advisor, IMCA Investments & Wealth Monitor, NAPFA Advisor, Journal of Retirement Planning* and more. Jagen™ founder Joe Luby authored the new book KEEP IT! Advanced Tax Strategies for IRAs released in October 2011. KEEP IT! is widely regarded as the most cutting edge guide on tax reduction strategies using alternative assets within retirement accounts.

Most alternative investments are sold for diversification, income production and other investment focused purposes. This approach results in missed opportunities to sell more alternative assets and build satisfaction and loyalty among existing clients.

Jagen™ is the only firm providing exclusive education and consulting services to the planning and asset sponsor communities on how to use alternative assets as powerful tax and financial planning tools. These benefits are in addition to the normal investment driven advantages offered by alternative assets and can result in increased demand for such products.

12-MONTH COMPETITIVE ALLIANCE

This program is designed for the firm that wants to gain a significant sales and marketing advantage. This firm wants to substantially increase sales of alternative investments by understanding the unique opportunities to position their products as client planning solutions.

90-DAY COMPETITIVE EDGE

This program is designed for the firm that wants to gain a better understanding of the opportunities available to position their products as unique planning solutions. This firm is in the process of increasing sales efforts and wants to add a competitive edge to their product benefits discussion with clients.

ALTERNATIVE PRODUCT REVIEW

This program is designed for the firm that wants a comprehensive understanding of the unique planning opportunities inherent in their product line. Alternative Product Review fees may be applied toward our 90-Day Competitive Edge or 12-Month Competitive Alliance programs within sixty days of project completion.

ADVANCED CONCEPTS MADE CLEAR

Jagen™ provides speakers for keynote presentations, customized training sessions, conference break out sessions, educational webinars and teleseminars. Clients may choose from existing topics or request customized presentations.

KEEP IT! ADVANCED TAX STRATEGIES FOR IRAS

Written for professional advisors and their clients, KEEP IT! outlines the significant tax advantages available to IRAs owning alternative assets. Paperback and electronic copies are available online and discounts for bulk purchases are available directly through Jagen™.

> "If everybody is thinking alike,
> then somebody isn't thinking."
>
> \- General George Patton