



BNY MELLON

State Sponsored Investing Programs

 **sumday**

Investing how you least expect it

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A young girl with dark hair is sitting at a table, eating from a white plate. She is looking towards the camera. In the background, a woman with blonde hair is partially visible, looking towards the girl. The scene is dimly lit, and the overall tone is soft and intimate. The text is overlaid in white on the image.

We want to change the way investment products are used and give everyone the chance to improve their future.

The Landscape

A projected \$100 TR in assets will be under management by 2019 (50% in the U.S.).¹ Despite this, our economic habits and distrust of industry incumbents remain a looming threat to the economy. Our behaviors and needs are changing as we look for more efficient ways to manage our money.

¹ 2015 Investment Company Fact Book – Investment Company Institute

There are 67 million employees in the U.S. without access to a company sponsored retirement program

State Secure Choice programs are taking the retirement challenge head-on

What's not working?

We are the best consumers and the worst savers...the consequences are a looming threat to the economy...

WE ARE THE **BEST CONSUMERS...**

68%
Of GDP is consumer driven



1 in 4
Tap into their 401k for their current expenses

\$70,000,000,000

Is withdrawn annually from 401k's for non-retirements needs

75% of those who cash out their entire 401k balance do so because of basic money management problems

...AND THE **WORST SAVERS**

5.2% Current average U.S. Savings Rate (Q3 2015)

53% of Americans have no investments

39% of Americans have only 3 months of savings to cover expenses

62% of Americans have no **emergency savings**

50% the number of people in the workforce not covered by any retirement plan

Source: Time, Inc. 'Cash Leaking out of 401k Plans at Alarming Rate' - 1/25/13
Source: US Department of Commerce - Bureau of Economic Analysis - 'GDP and Personal Income' - 2015

Source: US Bureau of Labor Statistics - 'Consumer Expenditure Survey' - 2015
Source: Bankrate.com - Survey on US Savings - 2015

Why it's not working

Even when employees have access to a 401k, the benefit is underutilized. This is not easy...it can be complex, it can be very expensive, people are intimidated, or don't believe they have the money to save or worse yet, distrust the industry incumbents.

TOO MANY CHOICES

There are 820 investment management companies and hundreds or thousands of advisors and brokers.

There are 7,923 different mutual funds and 1,451 ETFs to choose from.*

THE FEES ARE A PROBLEM

There are fees and expenses taken out of the investors pocket at seemingly every turn.

Multiple fees and expenses, commissions, 12b1 fees, etc. it is hard for the average investor to really know how much things cost.

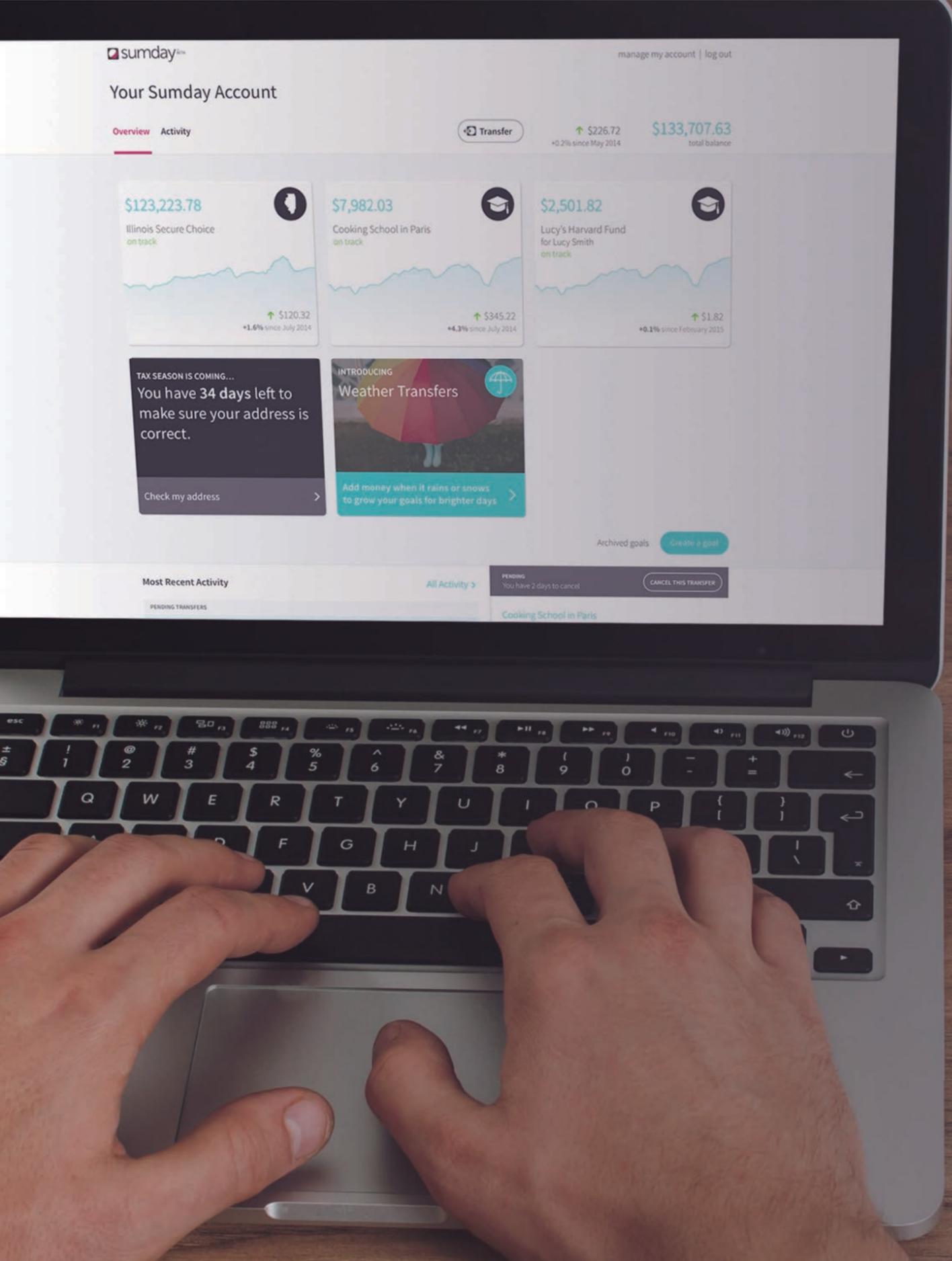
IT'S CONFUSING AND INTIMIDATING

Consumers don't feel smart enough and are often intimidated or feel that investing is for the rich.

It is difficult to even open an account and most don't feel they have enough money to start.

A hand holding a pen over a document, with a coffee cup in the background. The image is dimly lit and serves as a background for the text.

There's an opportunity to provide States with a comprehensive, yet simple investment solution that helps employees save for retirement.



A subscription based online investment service for employees that aims to democratize investing.

HOW IT COMES TO LIFE

- Annual subscription with no account balance limits, minimums, or hidden fees
- Automated portfolio recommendations help investors create portfolio allocations to suit their unique objectives
- Educational content and advice on how to reach their financial goals
- Real-time account opening, CIP, KYC & AML screening
- Easy-to-use interface takes the confusion out of investing
- Integrated with class leading record-keeping and sub-accounting platform

Opportunity

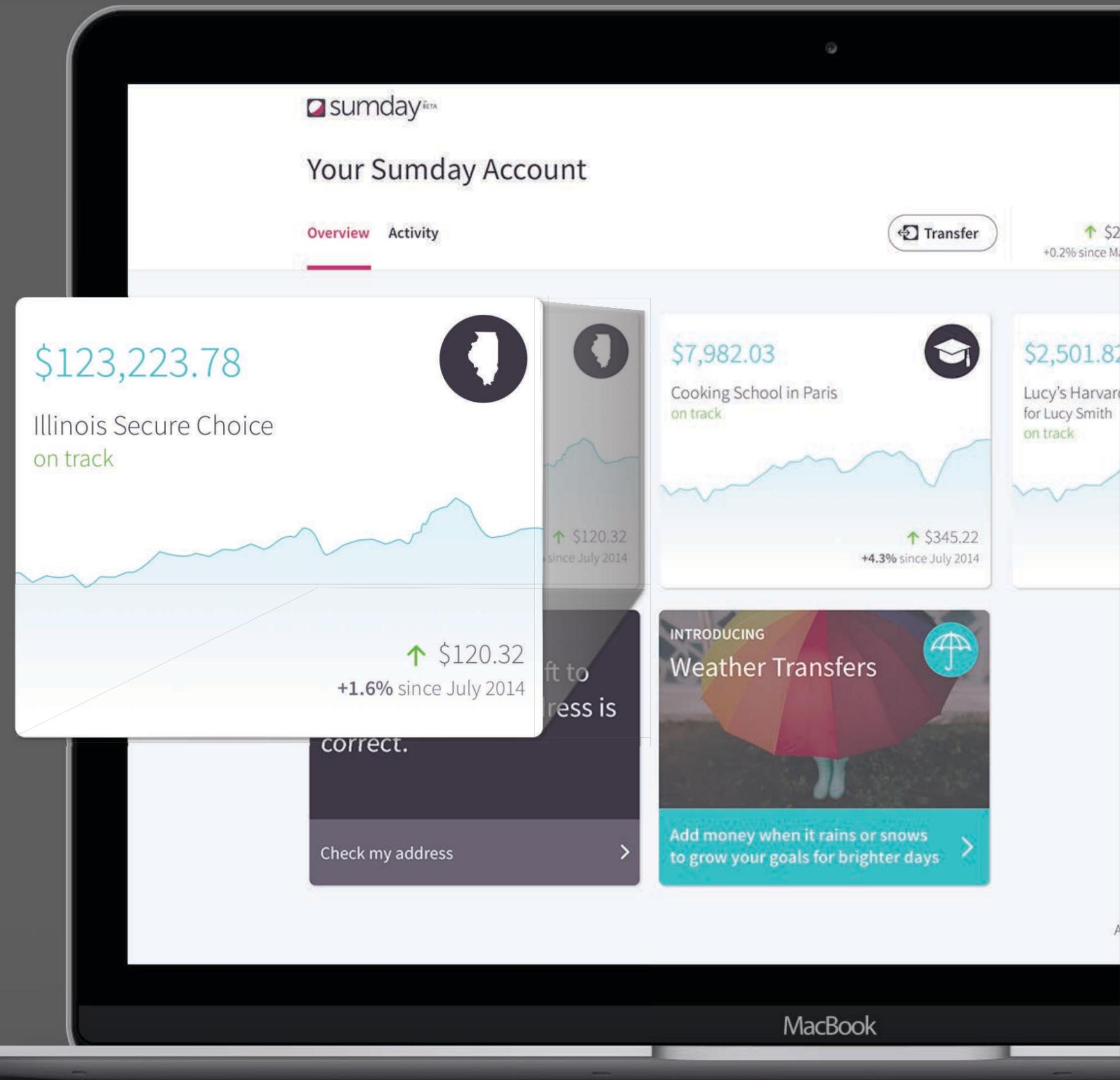
Offer an account type on Sunday.com that is specifically designed for the State Secure Choice programs.

THE ACCOUNT

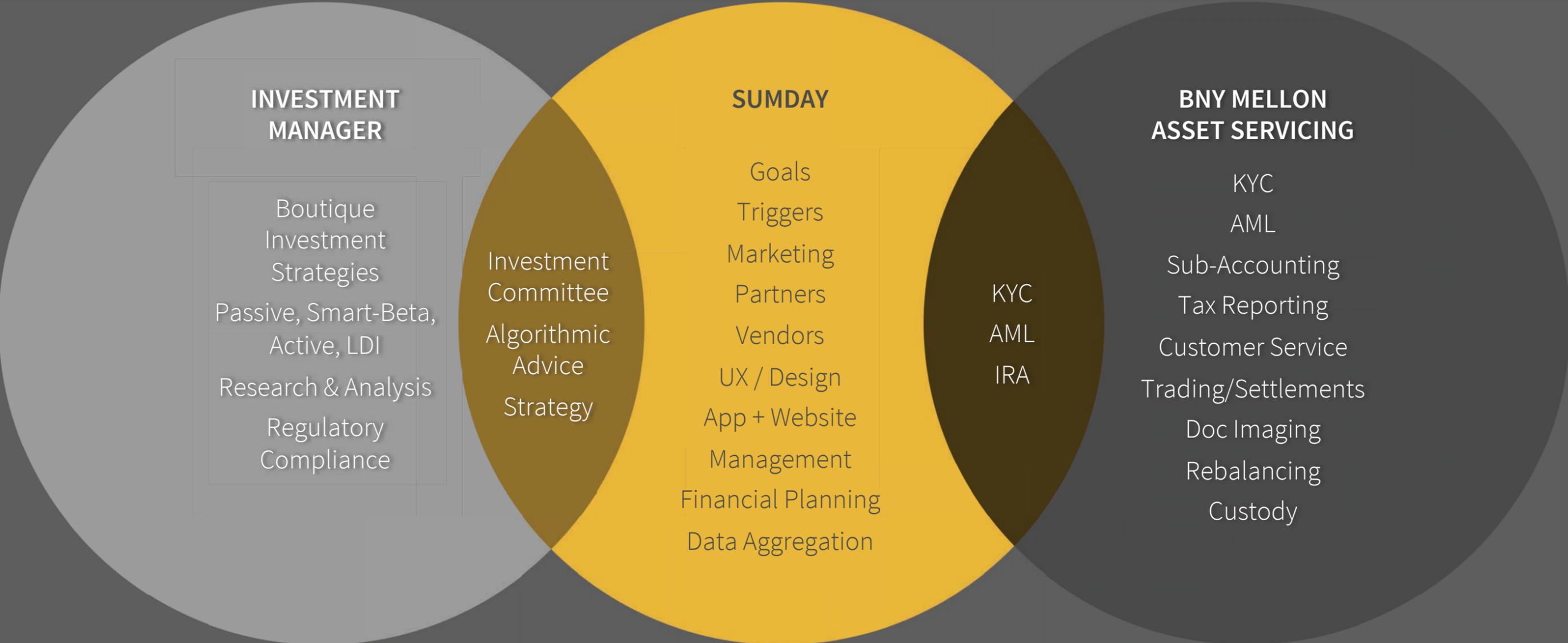
- A flat fee Roth IRA account with automated mutual fund portfolio recommendations

HOW IT COMES TO LIFE

- Automatic Roth IRA account creation, on-line verification, KYC/AML
- Easy investor profile creation
- Integrated Payroll Deduction capability via our Industry leading Asset Servicing platform
- Agnostic to choice of Investment Manager or Advisor. Sundry offers flexible modules that can be customized for investment product, portfolio allocations and risk profiles
- Provides flexibility to the State to allow the individual to build their own portfolio or accept portfolio recommendations



Delivering the whole solution



Compliance

Audit

Risk

Legal

Mutual Fund Servicing

#1 US Sub-Accounting Platform



Mutual Fund Servicing

Enterprise Scalability



1Q16

AT A GLANCE

INSIGHTS THAT MATTER

The Millennial Effect: Urban Demand Drives Multifamily Fundamentals

Led primarily by Millennials and downsizing Baby Boomers, demand for higher-end apartments in metropolitan areas has been robust. While new supply should bring a healthy moderation to rent growth, we believe the multifamily segment has the potential to post attractive returns even as increased supply continues in 2017 and beyond.

www.bnymellon.com/millennialeffect

Asset Liability Reporting Service for Pension Fund Managers

BNY Mellon's Global Risk Solutions introduced an enhanced Asset Liability Report to help pension fund managers more effectively monitor their plan's funded status and other essential asset and liability measures. This report combines the power of Investment Management's pension expertise with Asset Servicing's advanced analytics and allocation models.

www.bnymellon.com/assetliabilityreporting

Navigating the Regulatory Maze

As a result of the 2008 financial crisis and resulting suite of regulatory changes, the market has been driven to recognize the significance of collateral and its value in trading and risk mitigation. This realization has been the catalyst for collateral attracting an increased market focus, and becoming a standalone area of market expertise with some describing it as a new asset class. We believe that a firm-wide regulatory perspective is essential to complying with regulatory changes and delivering tangible benefits.

www.bnymellon.com/regulatorymaze

BNY Mellon Goes Carbon Neutral

Building on our environmental leadership, BNY Mellon became carbon neutral for scope 1 and 2 GHG emissions, as well as scope 3 business travel emissions for 2015. We are committed to remain carbon neutral in 2016.

www.bnymellon.com/carbon

OUR BUSINESS THE INVESTMENTS COMPANY FOR THE WORLD

BNY Mellon is an investments company. We provide investment management and investment services that help individuals and institutions to invest, conduct business and transact in markets all over the world.

INVESTMENT MANAGEMENT	INVESTMENT SERVICES	GLOBAL REACH	
US\$1.6 trillion Assets under management ¹	US\$29.1 trillion Assets under custody and/or administration	Workforce:	52,100
		Markets served:	100+
		Countries:	35

Above figures are as of March 31, 2016.

OUR FUNDAMENTALS STRENGTH AND STABILITY

Our ability to manage and service our clients' investments is a reflection of how we manage our own business. Our balance sheet shows consistent strength, with assets, revenues and a capital position that point to success.

ASSETS At March 31, 2016	REVENUE Three months ended March 31, 2016	CAPITAL RATIOS At March 31, 2016
US\$372.9 billion Total assets	US\$2,970 million Total fee and other revenue	12.0% Tier 1 capital ratio ^{4,5}
US\$38.5 billion Total shareholders' equity	US\$766 million Net interest revenue	12.3% Total capital ratio ^{4,5}
US\$39.7 billion Market capitalization	US\$3,737 million Total revenue, non-GAAP ^{2,3}	9.8% Est. CET1 ratio fully phased-in advanced approach, non-GAAP ^{3,4,6}

OUR CREDIT RATINGS* STRONG ACROSS AGENCIES AND CATEGORIES

Supporting all that we do in investment management and investment services are credit ratings that are among the highest in the financial services industry. BNY Mellon has consistently received high ratings from all four major credit rating agencies and for key credit categories.⁷

CREDIT CATEGORY	MOODY'S	S&P	FITCH	DBRS
Long-term deposits	Aa1	AA-	AA+	AA
Long-term senior debt	Aa2	AA-	AA	AA
Short-term deposits	P1	A-1+	F1+	R-1 (high)
Outlook	Stable	Stable	Stable	Stable (long-term/short-term)

*For The Bank of New York Mellon.



Thank you

