

Alternative Investing



CABOT LODGE
SECURITIES



What You Need to Know About Alternative Investments

Alternative investments were once closely guarded secrets of the rich, and institutional investors, like foundations and endowments. Fortunately, those days are behind us.

Over the past several years, many progressive investment managers have fought to break down some of these barriers and make alternative investments accessible to retail investors. As a result, the alternative investment industry has experienced explosive growth.

In this brochure, we discuss:

- The nature of alternative investments
- The role they play in wealth management
- Incorporating alternative investments into a portfolio
- How Cabot Lodge helps clients learn about alternative investments

The basics

The term “alternative investments” refers to a wide range of investments, from hedge funds to private equities, real estate investment trusts (REITs), managed futures, insurance, venture capital, real estate and commodities. These asset classes can usually only be bought based on a contractual subscription. They are usually not listed on any exchange.

Attractive features associated with many alternative investments may include:

- Historically outperformed traditional investment vehicles
- Low correlation with traditional investment markets
- Helps protect wealth by smoothing market volatility
- Expands diversification in portfolio
- Provides potential for higher returns

At the simplest level, “alternative investments” are anything other than stocks, bonds and cash.

Increase Your Likelihood of Success

Alternative
Investing



Drawbacks associated with many alternative investments may include:

- Higher investment minimums
- Less liquidity than traditional investments
- Longer capital lockup periods
- Limited transparency
- Limited performance history
- Subject to less regulation than traditional investments
- Riskier than traditional investment strategies

Role in wealth management

Alternative investments offer the potential of higher risk adjusted returns than traditional investments. That can help clients with their growth objectives.

Most alternative investments have a low correlation to traditional investments.

The volatility of the stock and bond markets are generally not experienced in alternative investments. There typically is little connection between alternative investment performance and traditional investment performance, which is why they are said to have low correlation. Non-correlated investments provide diversification and can be used to potentially create a hedge and protect a portfolio during flat or downward market cycles.

In short, alternative investments may be used to protect and grow wealth. They are the weapons of choice against market volatility.

Incorporating alternative investments

Alternative investments should be part of an overall investment strategy for suitable investors.

While everyone is unique, we have found that most clients have short-term or immediate needs (less than two years). They also have intermediate needs for goals that may be realized in five to seven years time. They also have long-term wealth building goals, which alternative investments may help address.

Correlation describes the relationship between two variables. There is little correlation between alternative investment performance and traditional investment performance.

Alternative Investment Goals

- ***Stabilize returns***
- ***Provide long-term growth***

Increase Your Likelihood of Success



Different investment products are best utilized for needs and goals with different time frames

For example:

- Short-term needs are generally addressed with liquid, stable investments such as CD's, money market accounts, and short-term bonds.
- Intermediate needs can be met with traditional investments or instruments such as equities, bonds (fixed income), and mutual funds.
- Long term goals are generally addressed with growth oriented vehicles such as equities and alternative investments.

You're not alone

Alternative investments can be more complex than "traditional" investments. Don't let that deter you.

A Cabot Lodge Advisor can help you determine if alternative investment strategies might be right for you, and if so, what role they might play in your overall portfolio, what percentage of assets should be dedicated to them, and which asset classes and sub-classes are most suitable for your needs. These may include:

- Single manager funds
- Funds of funds
- Direct investments
- REITs
- Private Placements (for qualified investors)

Our thorough due diligence and investment selection process focuses on selecting alternative investments which we believe to be best-in-class products.

At Cabot Lodge, we specialize in alternative investment strategies, always striving to identify investments which can meet our clients' needs and can help achieve their goals.

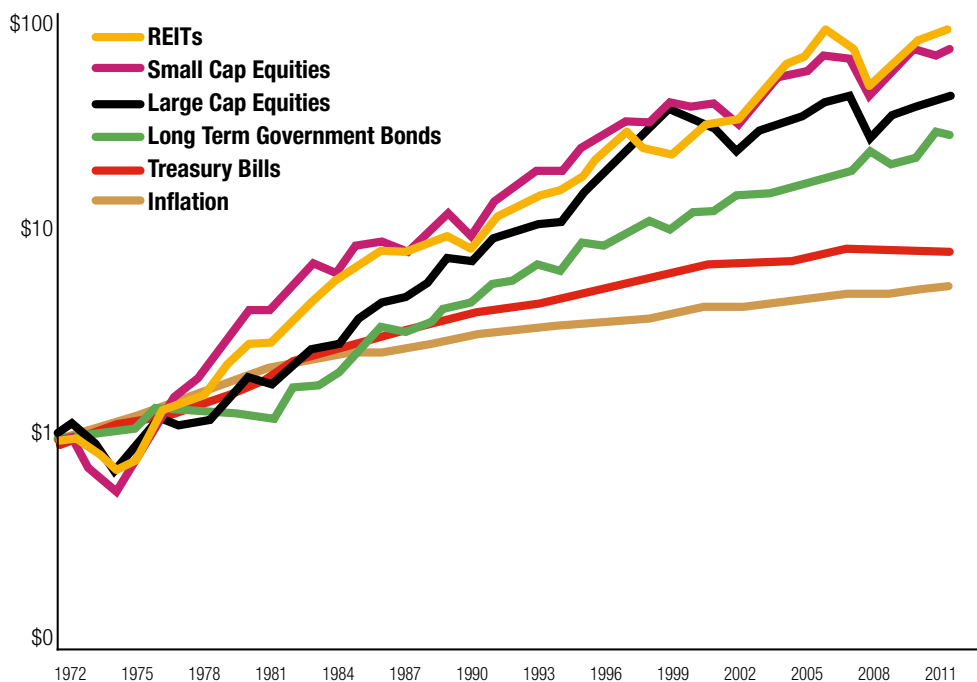
Clients count on their Cabot Lodge Advisor to:

- Continually monitor progress towards goals
- Communicate and meet regularly to review portfolio performance
- Discuss current market conditions and their impact on your portfolio
- Make ourselves available at any time to answer questions and address your concerns

To discuss your unique approach to alternative investing, please call Cabot Lodge Securities at 1.888.992.2268 or visit us at www.clsecurities.com



Historical Growth of \$1 with REITs January 1972 - March 2012



Asset Class	Ending Balance	Average Return
REITs	\$100	12.1%
Small Cap	\$81	11.5%
Large Cap	\$48	10.1%
LT Gov't Bonds	\$29	8.7%
Treasury Bills	\$8	5.4%
Inflation	\$6	4.3%

REITs: Represented by FTSE NAREIT Equity Real Estate Investment Trusts Index.

Small Cap Equities: Represented by the Russell 2000 Index.

Large Cap Equities: Represented by the S&P 500 Index.

Long Term Gov't Bonds: Represented by the Citigroup USBIG Treasury 10+ Year Index.

Treasury Bills: Represented by the Citigroup 3-month T-Bill Index.

Inflation: Represented by the Consumer Price Index - All Urban Consumers (CPI-U). See disclosures for more detailed information on the indices used in this chart.

Past performance does not guarantee future results.
Data Source: Ibbotson Associates and Zephyr Associates.

Disclosures and Definitions

This information is not intended to be used as the primary basis of investment decisions. Because of individual client requirements, it should not be construed as advice designed to meet the particular investment needs of any investor. The figures presented have been obtained from sources we believe to be reliable and current as of March 31, 2012, but cannot be guaranteed as to accuracy and do not purport to be complete.

Index information provided has been calculated on a total return basis with dividends reinvested. The effects of taxes and/or expenses and fees normally associated with an investment account have not been considered. Returns are based on past performance which may or may not be similar to future returns, and are not meant to be representative of any specific investment. Although used as benchmarks for informational purposes, individual indices are not available for direct investment.

Sources of Information:

Bloomberg: Bloomberg is a leading provider of data, analytics, electronic trading and financial news.

Ibbotson Associates: Ibbotson Associates is a leading authority on asset allocation, providing products and services to help investment professionals obtain, manage and retain assets.

Morningstar: Morningstar is provider of performance analysis and analytical software.

MSCI: Morgan Stanley Capital International indices are the most widely used benchmarks by global portfolio managers.

Russell: Russell Indices are some of the most widely used benchmarks for domestic portfolio managers.

Standard & Poor's: Standard & Poor's is a provider of independent financial information and analytical services.

Zephyr Associates: Zephyr Associates is a leader in returns-based style analysis and performance analysis software.

FactSet Research Systems: FactSet is a leading provider of global financial and economic information. FactSet also provides the tools to download, combine, and manipulate financial data for investment analysis.

Whitehouse.gov: Whitehouse.gov is the official website of the White House. The site is owned and maintained by the United States Government and contains general American historical data, current news, press briefings, executive orders, etc.

U.S. Department of Labor: Bureau of Labor Statistics: The BLS is the principle fact-finding agency for the United States Government in the field of labor and economic statistics.

General Information:

Correlation: Correlation describes the strength of the relationship between two variables. Correlation can be any value between +1 and -1. A value of +1 indicates perfect positive correlation (meaning the variables move together in perfect unison) and -1 indicates perfect negative correlation (meaning the variables move together in perfect negative unison). Generally, combining assets that have low correlations with increase diversification.

Dividend Yield: Multiplies the DPS over the last year then divides the resulting figure by the price.

Fed Funds Rate: The interest rate at which banks lend to each other overnight.

Federal Open Market Committee (FOMC): The branch of the Federal Reserve Board that determines the direction of monetary policy.

Fed Tightening Campaign: Describes a period in which the FOMC raises the fed funds rate in an attempt to tighten the money supply, or decrease the amount of money available in the banking system.

EPS Growth: Historical annual EPS growth for the past five fiscal years as of the report date.

Market Cap: Multiplies the price as of the ending day by the shares as of the ending month.

Price/Book: Displays the book value per share for the ending month divided by share price.

Price/Earnings: Reflects the closing price for the company at fiscal quarter end divided by earnings per share before extraordinary items for last twelve months.

Sharpe Ratio: A measure of the risk-adjusted return of an investment. It is calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the historical risk-adjusted performance of the investment.

Standard Deviation: A statistical measure of dispersion about and average, which, depicts how widely the returns varied over a certain period of time.

Index Descriptions:

Citigroup 3-Month Treasury Bill: Represents the average yield of the most recent 3-month Treasury Bill issues.

Citigroup Treasury 10+ Year Index: The Treasury Index computes returns for the current 10-year and 30-year on-the-run Treasury that has been in existence for the entire month.

Consumer Price Index - All Urban Consumers (CPI-U): Measures the weighted average change in prices of a fixed basket of goods and services purchased by households defined as All Urban Consumers, a population group that represents around 87 percent of the total population in the United States. The cost-of-living or inflation indicator is computed from data collected by the U.S. Department of Labor's Bureau of Labor Statistics. Seasonally-adjusted.



CABOT LODGE
SECURITIES

1.888.992.2268
www.clsecurities.com

MEMBER  