Alternatives Round Table

MODERATOR
Liz Young, CFA®, Senior Investment Strategist, Investment Strategy Group, BNY Mellon | Dreyfus
Panel

Suzanne Hutchins
Lead Portfolio Manager, Global Real Return, Newton Investment Management
DRRIX
Suzanne rejoined Newton in 2010 as global investment manager and member of the Real Return team. Suzanne has lead management responsibility for the Global Real Return USD strategy. She moved to Capital International in 2005 as investment specialist for global equity, income and absolute-return-based strategies. She had additional client-facing responsibility for ESG (Environmental, Social and Governance) issues. Suzanne initially joined Newton in 1991 as a research analyst after completing a B.A. (Hons) at University College London. During her first 14 years with Newton, she worked closely with Stewart Newton before becoming lead manager on the UK and Intrepid team. She managed multi-asset and global equity mandates, as well as RPI+ based strategies, for institutional and retail clients.

Joseph Miletich, CFA®
Senior Portfolio Manager, Dynamic Total Return, Mellon Capital Management
AVGRX
Joseph Miletich joined Mellon Capital in January of 2008. Joe is a managing director and named portfolio manager on the Dynamic Total Return Fund. With over 24 years of investment experience Joe is a key member of Mellon Capital's Asset Allocation Team participating in the development, refinement, and risk management of multi-asset solutions designed to provide attractive return outcomes within a clearly defined risk framework. Joe works closely with sales and client service worldwide with an eye toward bringing innovative product solutions to client portfolios. Prior to joining Mellon Capital in 2008, he was a partner and senior consultant at New England Pension Consultants and worked with Towers Perrin as an actuarial analyst. Joe is a member of the CFA Institute and CFA Society of Boston. He earned a B.S. from Manhattan College.
Dreyfus Global Real Return Fund (DRRIX)

A conceptual representation

- Emphasis on long term investing and capital preservation
- Single global portfolio of direct, liquid investments
- Maximum flexibility at the portfolio construction level
- 12 year track record at the strategy level generating a positive return (gross of fees) every calendar year
- Strong and stable team
- Powerful combination of bottom up fundamental stock selection and top down structural themes based approach

Current return seeking assets

- Corporate debt
- EM debt
- Equity
- Infrastructure
- Renewable
- Commodity
- Floating rate
- Index-linked
- Conventional government
- Active currency

Stabilising assets / hedging positions

- Cash / short dated bonds
- Currency hedge
- Government bond options
- Conventional government bonds
- Active currency positions
- Gold equity
- Equity market hedges
- Equity option strategies
- Physical gold
- Corporate debt
- Renewable
- Commodity
- Floating rate
- Index-linked
- Conventional government bonds
- Active currency

Straightforward and transparent
Dreyfus Global Real Return Fund (USD)

Positioning at August 31, 2017

Notes: 1 Cash, cash equivalents and currency hedging; 2 Notional derivative exposure (unadjusted); 3 Derivative premium.

Source: Newton, August 31, 2017.

Balancing participation with capital preservation

Net exposure (30% return seeking core)

Equity protection² 35.7%
Return seeking core 29.6%

Notional derivative exposure 36%
Net equity exposure 20%
Delta adjusted bond duration 5.4 yrs

Equities excl. precious metals 55.4%

Consumer related 10.3%
Health care 6.9%
Media 5.5%
Industrials 5.5%
Technology 5.5%
REITs 4.1%
Agricultural related 2.6%
Financials 2.5%
Telecommunication 2.2%
Utilities & infrastructure related 8.2%

Precious metal equity 3.2%
Commodities and derivatives³ 1.2%
Cash¹ 10.6%
Index linked bonds 1.3%
Australasian bonds 6.1%
Government bonds 18.4%
North American treasuries 12.3%
Developed corporate bonds 5.3%
EM debt 3.9%
Infrastructure 0.7%

Positioning at August 31, 2017

4
Downtrend in nominal growth still intact

Structural headwinds remain

G7 GDP growth¹


Note: ¹ 5Y Ave. local currency ($GDP weighted)

Source: IMF World Economic Outlook April 2017, Newton calculations.

THE FOUR D’S …

Debt
Demographics
Disruption
Distortion

Still in a low growth world

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What you pay influences future returns

Observations over 100 years
S&P valuation level (cycle adjusted) vs. 10-year average annual returns

- Financial and economic risks are high
- Return for taking risk is very low
- Probability of sharp drawdowns is elevated

Capital preservation needed

Dynamic Total Return Fund (AGVRX)
A conceptual representation

Managed Volatility

Return

Target Zone
Global Equity
Traditional Growth (60/40)
Global Bonds
Cash

Risk (Volatility)

Drawdown Mitigation

Potential Managed Volatility Return Profile

Equity Market Return Profile

Avoid Large Drawdowns

Managed Volatility

Equity Market Index

Charts are provided for illustrative purposes only and are not indicative of the past or future performance of any Dreyfus product.
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