



Alternative Mutual Fund Liquidity Spectrum & Investment Comparison

Alternative Investment Insight through
Research, Training and Increased Efficiency

Alternative Mutual Funds experienced significant growth in total assets during and after the Great Recession as investors scrambled for investment options with a lower correlation to the equity/bond markets to protect their investments from increased volatility.

Regulators followed the capital flows with heightened suitability concerns to the retail investor focused '40 Act structure given the non-traditional strategies and investments Alternative Mutual Funds use. This increases the risk and complexity profile compared to traditional mutual funds.

While there are similarities with Alternative Mutual Funds and traditional mutual funds, as well as other investments, there are key differences to be aware of such as liquidity, risk factors given the complexity of underlying strategies and the level of due diligence needed to remain regulatory compliant.

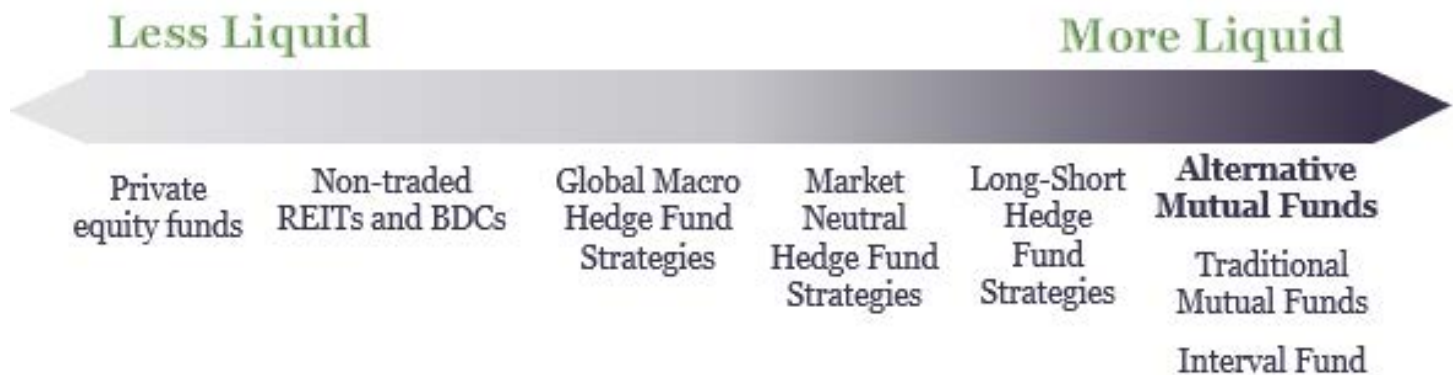
	Alternative Mutual Fund	Traditional Mutual Fund	Interval Fund	Hedge Fund
Offering	Public	Public	Public	Private
Structure	Open-End Fund	Open-End Fund	Closed-End Fund	Limited Partnership
Liquidity	Daily	Daily	Periodic Repurchase	Discretion
Illiquid Investments	15% Max	15% Max	No Limit	No Limit
Investments/ Strategies	<ul style="list-style-type: none"> • Non-traditional such as global real estate, start-up companies, or commodities • Sell stocks short • Use derivatives • Seek absolute return or market neutral strategies that seek positive returns even when the stock markets fall 	<ul style="list-style-type: none"> • Traditional buy/hold strategies 	<ul style="list-style-type: none"> • Income-producing products and strategies • Offers investors periodic distributions from the fund • Distributions may be a combination of income, capital gains, and/or return of capital 	<ul style="list-style-type: none"> • Real estate investments • Long-short equity • Market neutral • Global macro (currencies, commodities, other derivatives)
Tax Form	1099	1099	1099	K-1

Request a guided tour of AI Insight's Alternative Mutual Fund Research customized to your business needs. Contact us Monday through Friday from 8:00 a.m. to 6:00 p.m. at 877-794-9448 ext. 710 or any time at customercare@aiinsight.com.



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Due Diligence is a Necessary Obligation

FINRA's e-learning course, *Understanding Alternative Mutual Funds*, calls out, "Regardless of the funds regulatory regimes, firms are required to perform adequate due diligence on these products..."

Given the information in the above chart, we've determined that additional scrutiny is needed prior to advisors offering Alternative Mutual Funds to clients to make them aware of possible risks and help them understand these complex fund strategies.

AI Insight's Alternative Mutual Fund Research can help with due diligence based on continued regulatory guidance using easy and efficient support tools to:

- **Review independent, unbiased reports** addressing the breadth and diversity of alternative mutual funds as well as differences across the underlying strategies.
- **Evaluate an aggregation of insightful quantitative and qualitative data** including fund company, strategy, portfolio and investment advisor overviews.
- **Run side-by-side fund comparisons** based on 70+ features, such as strategy, exposure, fees and performance.

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