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SHINNECOCK PARTNERS

Evaluating yield alternatives in a low rate environment ain't easy, is tempting to put off, and depends on which criterion is most important (i.e., beauty is in the eye of the beholder). Nevertheless, safeguarding portfolios demands that we do it.

We offer the table below to stimulate action and thinking. Any single cell is open to judgment, yet we believe that this table puts the pickle on the fork. Many of the listed alternatives are sound investments in their own right, albeit may have underappreciated risks, e.g., high yield bonds today.

A diversified portfolio of alternative lending strategies seems to warrant portfolio inclusion for any investor who seeks yield from an unusually diversified allocation, one that reflects Towers Watson's advice about the importance of a multi-strategy approach to the alternative lending space versus picking a single allocation.

Investment Type	Yield	Rising Rate Protection	Downside Protection	Liquidity	Correlation to Market	Volatility	Transaction Costs
Alternative Lending Portfolio	**High**	**Yes**	**Yes**	**Moderate**	**Low**	**Low**	**Low**
High-Yield Bonds	High	No	Moderate	Moderate	Moderate	Moderate	Moderate
Dividend Stocks	Low	No	Moderate	High	High	Moderate	Low
REITs	Moderate	Maybe	No	High	Moderate	High	Low
MLPs	High	No	No	High	Moderate	High	Low

(continued)

Investment Type	Yield	Rising Rate Protection	Downside Protection	Liquidity	Correlation to Market	Volatility	Transaction Costs
Alternative Lending Portfolio	**High**	**Yes**	**Yes**	**Moderate**	**Low**	**Low**	**Low**
Closed-end Bond Fund	High	No	No	High	Low	High	Low
BDCs	High	No	No	High	Moderate	High	Low
SBA Loans	High	No	Moderate	Low	Low	Moderate	Moderate
Yield Co's	Moderate	Maybe	No	Moderate	Low	High	Moderate
Income Property	Moderate	Maybe	No	Low	Low	Low	High

Shouldn't alternative lending be in your portfolio? We welcome any and all thoughts this may trigger.

Additional Considerations:

- Investment time horizon and the relative importance of each characteristic is investor determined. This chart is meant to be a generalized view.