INVESTOR DAY 2014: INVESTMENT MANAGEMENT

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Thank you, Gerald. Good morning, everyone. I'm very excited to be here this morning to share with you the dynamics about our Investment Management business.

We've had a great run since we were with you on Investor Day at the end of 2011. We've also made a number of transformations to our business and a number of investments. Gerald talked about some of the investments that we've made in our business, and I'll go into a little bit more detail about what the transformations and the investments that we've made that we really are excited about because they are going to continue to propel the great run that we've had in leveraging a pretty unique model.

We get asked a lot about our unique multi-boutique model – about how it works – and I'm going to spend a little bit of time discussing that as well.

But before I get into it, I will tell you that just observing the investment management industry today and how things are evolving, one of the things that we're seeing is that some of the large players are actually proactively talking about the fact that they're centralized, they have a very large-scale centralized investment process and the single decision maker approach to investing; actually, they're trying to change that, they're trying to have that migrate to more focused investment teams.

On the other side, we are experiencing and we meet with a variety of investment management firms as you can imagine, who are smaller, that are struggling with their ability to reach global clients, that are having a hard time actually finding the shelf space in the growing retirement businesses. The retirement channels just simply don't have room for every potential player and of course technology, data, critical to every industry, no different than for investment management.

And if you think about it, it's expensive, it's hard for smaller focused firms, which we believe are the right ways to invest to actually get the benefits of scale if they remain too small. So we think about our model: our model is very focused on investments, connected to scale benefits in distribution, infrastructure and much more. And so, we actually believe that getting the power of both focus and scale are instrumental to success in investment management and we see many other players in the industry morphing in the direction of what we do.

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Now, because we've been doing this for a long time, it's time tested. We've learned through experience; we've made some adjustments, but really, all of this has led to us being very successful in this multi-boutique investment model; and as result, we have become the world's largest multi-boutique investment manager; but beyond that, we're connected to the largest investments company in the world. What does that do for us? The rest of BNY Mellon has terrific client reach, all over the globe. It's a brand that's well known and reaches that our investment firms would have a hard time reaching on their own. It's a firm that specializes in operational best practice, the things that drive efficiency, the things that allow us to take that additional expense dollar and invest it in investment excellence. Leveraging the power of our operational best practices is critical and think about the environment we're in.

BNY Mellon is at the center of the reshaping of market structure globally. Changing regulations, changing markets, markets are increasingly becoming electronic. BNY Mellon sits at the center of it and all of our investment firms who are experiencing this are in the dialogue with the rest of our company about how all this will work out. In fact, Brian Shea and I have a meeting tomorrow when we will be meeting with our leadership teams just talking about the changing regulatory environment, what it means for investment managers and how Investment Services is adapting to those changes.

So it's a very powerful thing that we have, both our model and our connections to the rest of this company.

I'm going to spend some more time talking about our model this morning and I also will, in just a minute, get into some of our results, but I want to make sure that I share with you the four clear priorities that we have now and we'll have always; they are the enduring things that we must do well.

First, we have to deliver investment excellence. This is ultimately what our clients come to us for. We have to hire and find the best people and motivate them. We have to have the best investment offerings, the best strategies. We have to understand market trends at a level that is global, that shows that we have insights into markets that smaller-focused firms, what great investors may not have access to.

Secondly, we have to focus on client success. What does that mean? It means that our clients-focused teams, they have to have great investment minds also. They need to understand where our clients' needs are evolving to. They need to understand the regulations and the challenges that the clients are facing. Again, our client teams learned being connected to the rest of this company what challenges those are.

Third, getting cutting-edge infrastructure at scale. And while ops and technology are critical parts of our infrastructure, they are not all of the infrastructure's success that we need. We need the best possible HR practices around talent, attracting it and motivating it. We need to have the best possible capabilities around resource allocation, working with our finance team to look at where are we getting returns when we invest time, energy and other resources. And so, all of those things are critical.

And then, lastly, harnessing the full power of BNY Mellon, the full reach that this firm has, it's a critical priority for us.

And when we do all four of these things well, as we believe we have been doing, we will get continued success that will drive shareholder wealth. Again, I'm very excited to share with you what we've been doing since Investor Day, but I'm even more excited for you to understand the bright future that we have and continuing to do all the things we're doing going forward.

So let's get into the results. Since our last Investor Day three years ago, we have grown our pre-tax income by 30%. Additionally, we have been able to expand our margins by just north of 200 basis points. There have been markets that have helped, there have been tremendous organic inflows that have driven us. But by and large, we are excited about these results and look forward to continuing to deliver them to our shareholders.

I want to take that margin point and put it in context of the industry. Again, the peer group on this page was chosen around large peers who have also experienced positive pre-tax growth during this period. Our margin, relative to those peers, is exactly in line at 34%, but we have also been spending money investing in our business, and that is within the pre-tax growth profits that I've shown you and is in that 34% margin that has been expanded by 200 basis points. So, while expanding margins, we've been using profits to invest in our business and we try to give you some insights and transparency into that investment. In 2014 alone, it actually detracts 2% from our margin. So, 34% would be 36% without that investment, but that investment is there to drive future shareholder returns. And on the right side, you can see that in 2018, we actually expect our investments to pay off in such a fashion that they will drive our margins higher by 2%.

Now, I want to dig in just a little deeper on profit growth, margins and business mix.

And this is a very important slide to understand, it basically shows peers and moving to the right, what their equity exposure is. Now, businesses that have had equity exposure over the past several years have done well. Since 2011, the S&P 500 has risen 54%. If you're entirely an equity-based manager and you've delivered performance such that you could keep your assets, you would have expected to have high profit growth. But we also know that equities are more than twice as volatile as the next asset class and we also know that our clients frequently need more than equity exposure. So both because it's what our clients need and because it helps make our earnings for shareholders grow rapidly, but do so in a durable fashion, we have a diversified approach to our overall Investment Management business.

I'll spend more time on that, but suffice it to say for this slide, moving to the right increases volatility and reduces diversification. If you look at our margins relative to margins across businesses that are more or less equity and remember we own 13 investment firms, some focus exclusively on equity markets, some on fixed income, some on multi-sector. We know well the differences in margins across various investment management businesses.

If you look at the line, the green bubble on this chart that represents BNY Mellon, we are actually ahead of our peers adjusted for our business mix on a pre-tax margin basis. And a simple ratio, the bubble size is the pre-tax growth, a simple ratio of pre-tax growth relative to asset mix would also show that we have grown our pre-tax profits more than you would have expected relative to peers given our diversified business mix, diversified asset class exposures.

Now, how do we do this? This is really about success in our model. So, look, large-scale investment managers and actually smaller investment managers have to do three things well; have to do a lot of things, but they fall into three basic buckets. First, they have to be good at investing; second, they need to do well with clients; and third, they need to run a business, one that's supported by all of the infrastructure that is about running an investment management business.

I want to tell you how we do each of these things because we think that our success is actually embedded in how we do it. First, on the investment front, as you know, we have a multi-boutique process. Why do we do this? We believe that the best investors in the world are attracted to environments that they have more control and ownership of. They develop a culture that is their culture. Taking 500 really bright people, putting them in a room and telling them that we're going to walk out with one investment view, they turn off. In an environment where they feel fully accountable for the investment performance, they create an environment that they also feel proud of. That brand stands for the culture that they own, there are no excuses when things don't work out, but there's tremendous pride when they do and clients see this. So, how do we connect them to our clients.

Well, first of all, we connect them in multiple ways and a lot of that has to do with that's what clients want. It also has lot to do with getting scale benefits and distribution. For clients who are large clients that may have a single need, they are working directly with our boutiques. For other clients that are using many of our firms and have multiple needs, want to build a very diverse portfolio, they actually work through our central distribution platform, and this is an area I'm going to talk about later, this is actually one of the areas we've been spending the most time on in the past three years.

Institutional clients, by the way, cannot be bucketed in terms of how they want to work with our boutiques. Two firms of the exact size, two corporate pension plans with the same number of assets, with the same general needs, one will have a 50-person CIO office; so now, the other one will have five. The group with 50 will say, I want to go direct your firms and we like them; in fact, we encourage it, we want them to. But other firms will have only five people, they will say, listen, we have a very large plant to manage, we actually need help. Can you help us do the work of figuring out what we should do? It becomes much more of a solution and requires much more work from the center to do that. The same thing is true in working in retirement channels and in intermediary channels. We are frequently finding that bringing the scale benefit to our boutiques. Could they afford the entire intermediary distribution platform that we have available to us? No. And if they did, it would be starving expense dollars from their investment process. We want them to spend money on research analyst and on investment. We want them to leverage the expense and the investment we've made in reaching clients who need their services.

Finally, on the infrastructure point and this is a very important one. I'm going to come back to Wealth Management in a bit and speak about it specifically, because it's another important way we reach clients, but moving to the infrastructure point, just like every investment management firm, we have all the business support. We have an infrastructure team, operations technology, risk, compliance, so that our investment firms, our investment boutiques, don't have to make as heavy an investment in the space. Again, it's about getting the marginal expense dollar on investment excellence, but we are also very advantaged here and that we sit with the largest investments company in the world that is offering the same solutions to us that they are offering to all of the rest of the world's investment management firms, all of the rest of the world's financial institutions, all over the globe. And you see that bar across the borrowers' clients, our clients are using the same investment services solutions we are using.

We've created a common language, looking at performance attribution, looking at how we manage information and data; across the entirety of our company, we are leveraging the insights of the whole company.

Now, when you look at this slide, these are again the three basic things that all investment management firms do, but I'm showing you how we do it. We think that the way we do this is truly extraordinary. We are the largest in the world at doing it. It has driven great results and we see many others in the industry struggling and trying to move to this model. So we're pretty excited about our position in the world.

I want to talk a little bit about our investment capabilities and describe some of what's going on with our investment process. Since we saw you at the last Investor Day, we were 11th in the world in terms of size and assets under management. We've moved to sixth. I will tell you, I'm not a generally large proponent of assets under management as a measure of success. There are many, many different types of assets. They have different types of revenues; there are quite different types of intellectual capital. The industry looks at it this way. So, we'll share it with you. We're proud of where we are. We're happy to be here, but I also don't want to make too much of it.

The point that I do want to make is make sure you walk away understanding the diversification of our business. So by asset type and by strategy where we have liability-driven investments, we have a very diversified mix. Again, this is a look through the lens of assets under management. In this, you see we have equities at the top, cash and index at the bottom. Cash is a critical component of what clients are doing. They're managing cash as part of their overall investment portfolio. The world has grown around passives. We're the fifth largest provider of passive products in the world through both index and ETF. We sub-advise a number of ETF managers who are out there selling their brand. These are big businesses for us.

But you can see that the assets under management, while large, actually generate a relatively small percentage of our total revenue.

Back to the diversification point. About half of our revenues are coming from the equity business. We think that, that is in the zip code of being the right percentage allocation here. It keeps healthy relationships with clients who have diverse needs. If equity markets are falling or fixed income markets are falling, the tailwinds that have helped competitors in the past when they were single-focused on an asset class, have also caused their relationships with clients to evaporate when markets went the other way. We do not have that problem and it is intentional.

So how do we manage our overall portfolio? We are investing in our portfolio of investment firms. How do we do it? Well, we actually go out and make acquisitions occasionally; and you can see on this chart, the last four large acquisitions that we've made and you can also see the IRRs generated there. These firms have done well because they are excellent investors who provided very important and relevant offerings to their clients, but they've also done well because of their connection to BNY Mellon, taking their capabilities and leveraging them, giving them the scale benefits of distribution and infrastructure, the power of the BNY Mellon brand, the trust and stability of that brand has helped drive these IRRs. We see this time and time again.

But we also spent time reshaping our portfolio as markets evolve.

So let me just take the first one. All the assets in the world basically have to sit in one or two places; they either sit on a bank's balance sheet or an investor's portfolio. If you change regulation and you cause assets that are on bank's balance sheets to move because banks can no longer own as many of them, they're going to go to an investor's portfolio and someone needs to help investors manage those assets. As this trend following the financial crisis picked up steam, we saw the opportunity to connect one of the largest, most successful global credit managers, Alcentra, with the team that we had in the US at Standish.

So we effectively took all of the investment capabilities that were in the high-yield team at Standish and gave them access to all the mind share at Alcentra. And we gave Alcentra access to a US high-yield team that they would have had to have spent money on themselves had we not done this. What would have caught what would have happened is that instead of spending their own money on increasing their investment excellence, they would have had to build something we already have. So these are just the types of restructurings and reshapings that we're doing. As Gerald mentioned, we've also made changes and exited some things and those are shown on the chart.

So let's talk about investment performance. This is another very important part of what we do. We have a manager research team that really focuses on the science of investment performance, evaluating style drift, evaluating returns adjusted for risk, evaluating what the clients' expectations were and what they actually got. They are working every day to look at all the strategies to understand them and they also work across the third-party managers that we use in our Wealth Management business and across other parts of BNY Mellon.

On this chart, we're happy to say that about three-quarters of our assets are currently invested in ways that they're beating benchmarks or their peer groups. This is the conventional way that investment managers show you their investment performance, but we don't think it's enough; we want to go one step deeper.

We want to focus on the client experience. So let's take active equity. You can see about half of our active equity strategies are beating either their benchmark or their peers just in a simple return analysis. What about the risks they're taking to generate those returns because ultimately return comes home to roost?

So we focus very closely on what is their Sharpe ratio and through that lens, 67% of our firms are outperforming their peers on a risk-adjusted basis. What about that scenario that clients are really worried about, especially pension plans that were massively underfunded not that long ago and very significantly worried about it? What about those retirees who had their value of their holdings fall so sharply, they were thinking about having to change their retirement plans? They're really focused on your performance. In that scenario, 82% of our equity strategies outperformed our peers.

So understanding the client outcome is critical and it's what our manager research group does and feeds that information back to our boutiques.

Again, we don't manage the money for our boutiques, we simply share with them observations about what we're seeing in the industry. Critically important, when you have very talented people, you have clients with needs and you have very significant macro trends. We're spending a lot of time managing our portfolio around taking advantage of macro trends that are paired to client needs.

On this page, you see six different pairings of industry trends and client needs. I'm going to talk to you about three of them. Let me start with the upper left. I already mentioned the changes that were happening around regulation and assets moving out of banks and into investor portfolios.

Fortunately, for clients, a lot of clients because of the demographics, because of the need for reduced volatility, they actually need those assets banks used to own for their return. And as a result, what we've done is we've created direct lending business. Now, a lot of people talk about the trends that are moving assets out of banks into investor portfolios, but let me tell you about this one specifically. This was ceded by the UK government. The UK government that owns large banks actually decided to put capital with third-party managers. They hosted 45 managers to present, they chose four; Alcentra was one of them. And they gave us about $150 million to launch a fund to do direct lending from an investment manager to the UK economy. By the end of this year, we expect this business to be about $1.5 billion in size.

The second trend everyone's talking about, the great growth in emerging economies, it definitely comes with its volatility, witnessed the Brazilian elections over the weekend, but it feels undeniable that the technology and communications that are available in the world are going to drive growth and our clients need to diversify their portfolios. We offer all the emerging market equity and debt offerings that you'd expect us to offer, but we also know that those capital markets are under-developed, that the capital markets themselves are not yet growing enough.

And so we wanted to create a way for people to invest in the private equity opportunities and we did that through Siguler Guff. With 30 professionals around the emerging world locally connected to all of the investment professionals they have in New York, this is a firm that has created very successful businesses, been part of launching and helping to drive the success of companies they've invested in. They had a pretty meaningful stake in Alibaba as a result of one of those investments and we've continued to see them succeed in finding great ways to invest in private equity.

Lastly, of the three I'm going to share with you, pension de-risking is a big trend, but once a pension plan hedges its liabilities, they also are continuing to look for enough return, enough yield and enough inflation protection to protect their retirees. Insight is a world's leader in LDI, but they also saw that their clients needed more income and more inflation protection, and they created the global farmland funds. Now, those go out and buy farmlands. Insight actually has members of their investment team who are formerly farmers, have studied agricultural science, understand agricultural technology and we are the only global farmland team that buys land around the world; so land in South America that has a competitive advantage, both in terms of cost, in terms of its ability to benefit from global weather patterns and bring in that technology. So the Insight Global Farmland Fund, which was launched, has become quickly a big hit among the pension plans who are looking for a new way to invest.

There are many other trends, many other capabilities and many other client needs that we are teaming together; and I'll move now to the next part of my presentation.

Distribution, as I said, has been a big part of our focus. This has been the single area since 2011 where we have spent the most time, bringing together the existing distribution capabilities, centralizing them under a leadership, connecting the marketing and product development capabilities, bringing in new heads really across the board. It's almost an entirely new distribution team over the past three years and this is where we are investing in the US retail business.

I'm often asked how much does that central distribution team do for you? Don't people just go directly to these boutiques? Well, they do if they can find them. So frequently, they're getting to them through mutual funds, they're getting to them through SMAs and they're finding on parts of the world they wouldn't typically go. So you can see on this chart on the right-hand side, about half of all of the revenues we get come through the central distribution teams partnering with our boutiques. About half of it comes directly to our boutiques. So again, this is the benefit of distribution scale.

You can see the incredibly rich client base that we reach globally. On the left-hand side, you can see the institutional clients; and on the right-hand side, more of the intermediary and retail clients. So we're the second largest provider of investment offerings to sovereign wealth funds, the fastest-growing client segment in the institutional space. We're very large with insurance companies and endowments and foundations. Endowments and foundations, as an example, the most unconstrained investors in the world looking for new and innovative ways to invest, they love farmland. On the right-hand side, you can see globally, we have been very successful with intermediary channels, the fourth largest retail fund operator in the UK, the largest foreign offshore manager in Japan. This success, we 100% are confident we will replicate in the US, and that's one of the investments that we have been making to make that happen.

We also have a very diversified client base. We have a big mix of institutional clients. It's been the pedigree in the history of BNY Mellon, so obviously very close to institutions. But we have a very big retail business as well already; in fact, this was one of the original mutual fund families and it is a big source of both revenue and clients and platform to expand upon today. Globally, about half of our revenues come from the Americas and then another half is coming from outside the US. The APAC number specifically, we expect to grow as those markets grow and expand. And again, as Gerald mentioned, we are reaching that market, not solely by putting people on the ground, but also reaching them through technology platforms that we have created in partnership with Pershing.

We've had industry-leading flows. We've enjoyed tremendous success here. We've also broken out for you where it's come from. A lot of our play, a lot of the firm's decision to go into pension de-risking to serve our clients' needs has really paid off. We've also been a big beneficiary of the boom in assets in our index business. Again, these are assets under management numbers. They may or may not tell as much about revenue and I'll talk about that in a second.

We've had great growth in both our active and our alternatives businesses. And in the alternative space, again, I talked about the credit Alcentra funds that we've done, but it really is a very wide and diverse group of assets. By the way, $242 billion of assets raised since 2011. Just that would make us the 65th largest asset management firm in the world. So it's been a pretty impressive three years.

Now, one of the questions we get a lot is revenue per AUM. Revenue per AUM is a tricky metric. It actually doesn't tell a story that's all that helpful in looking at any business, not just asset management, but any business that has very diversified pricing in products. You can look at our products' pricing within that product, but when you start mixing them, some tricky things happen. And let me show you what I mean.

In 2011, you can see on the chart at the bottom there, we had management fee revenue and assets under management that gave us revenue per assets of 27.2 basis points. So because of the tremendous growth in our LDI and index business, that has fallen to 22.2 basis points. And if you really believe revenue per AUM was a metric that gave you insight about a business, you would call that one out. Unfortunately, that is not a great way to look at a business that has a vast mix like ours does. So let me show you what I've just put up on the screen.

On the right-hand side, what we've done is we've said, well, if you had no flows in LDI over the last three years, none in index; and you even further constrained and said, no more revenues from the growth in the market values that you managed in 2011, here's what would happen. Your revenue per AUM would have risen from 27.2 to 27.5. Only one thing is unfortunate about that, you would have missed out on $156 million in revenues. Those revenues are mapped against expenses that drive significant profits for our shareholders. Focusing on revenue per AUM actually would have caused our shareholders wealth. And so we are focused on the metric that we think drives shareholder value and that is profitability.

And I want to say about our wealth management business, I mentioned it briefly earlier, but this is actually one of the most exciting things about our platform. When you think about other asset management firms, again, we are the largest multi-boutique firm and we benefit from being connected to a very powerful wealth management business that we are investing in. The seventh largest wealth manager in the United States, but we also have an incredibly healthy and vast client base. Our average relationship size is more than twice that of the rest of the industry and it really has a lot to do with the fact that we almost approach the wealth management business as institutions of one, so high net worth families, family offices. Over half of our assets are with clients that have more than $100 million with us. These are clients that have very complicated needs, not just in terms of investing, but in terms of all the things that they do.

The chart in front of you shows the bubbles for the 25 largest wealth markets in the US. And those in green, when we started this initiative were the ones where we had meaningful sales presence, okay, pretty small. It was pretty much an East Coast, LA, Miami, approach. We recognize what an opportunity we had and we've been expanding our wealth sales force and our private banking capabilities, growing our overall sales effort by 50% and we're almost to the end of that initiative. It will be complete early next year. We're very excited about doing this and we're very confident it will be successful and it's because our wealth management business has been successful everywhere it's been. They have inside their business deep capabilities. They don't just offer them as a sidelight to the investments offering.

We are definitely an investments-led wealth management business, but we go deep in trust and custody and all of the other things that our clients need, and we're able to because we are leveraging the power of the rest of our firm. The custody businesses, the capital markets offerings. Pershing is very important in helping our clients do self-directed transactions and the reciprocal benefit is we actually extend our lending capabilities to the clients of the financial advisors who are Pershing's clients. This has actually been a very important thing that we've been doing over the past year. We are very excited about the future of doing this.

But not only are we leveraging the success of BNY Mellon across Wealth Management, this really applies to all of Investment Management. Again, I've talked about it a little bit. I just want to hammer home the tremendous benefit that we get from leveraging the full strength of our whole company. Client relationships, enterprise-wide. A lot of investment management firms can get in the room with a CIO and talk to them about their investment portfolio and there are a handful of investment services firms that can talk to them about regulatory change, market structure, operational best practices. There really are no other firms that have all of the intellectual capital we have on both sides of that discussion and can be in the room with the client at the same time.

At last week's Asset Servicing Client Conference, I sat at lunch with the head of a large global pension plan, the head of a large state pension plan and the head of a large government organization investment office with Dr. Harry Markowitz, the creator of Modern Portfolio Theory. And we discussed how the changes in the landscape are affecting them and what it means for their investment portfolio, at the Asset Servicing Client Conference that as an investment manager connected to this company, I was able to participate in. Those are the types of things that happen over and over again, and they're very important and they do drive revenue.

Cross-platform capabilities, think about it, the whole world is changing. Technology is how we are receiving everything we do. Investment offerings are going to come to you from technology. Being able to create technology platforms to deliver investment management offerings is something we're extremely well positioned for. The fact that our holding company can invest, seek capital, and foster innovation in launching many of the things I talked to you about, farmland funds, direct lending platforms, private equity funds, have all come as a result of being connected to a sponsor that can do that. And lastly, as I've mentioned a number of times, this makes us a smarter investment manager.

We know that we do a lot of great things all over the world and the clients we work with know it, but not everybody knows it. So one of the things that we have proactively been doing is raising the visibility of our brands, but doing it in a very targeted approach, not spending a lot of money in ways that are just more noise, but really focused; and on this page, just three quick ones. We became a sponsor for the official investments company for the San Francisco 49ers, I do well football, but that has nothing to do with it. The new stadium is the Empire State Building of Silicon Valley. This is a place where the brightest minds who have started some of the world's market-leading, world-changing companies, it's where they go. It's a community of people that are the best clients, the fastest-growing wealth; the 19th largest economy in the world is Silicon Valley. But it's not just about clients; it's also about our future employees. We are a technology company; the best technology minds in the world are rapidly moving to this area and this is where we want to be. I'll let Suresh later tell you more about this. We've also done things with Oxford and Cambridge to establish ourselves with their alumni organization that is on the board and runs many of the organizations we're doing business with. It's also where we find great talent. It's also where many of our own investment professionals are, establishing our brand and making them brand ambassadors through the work that we've done.

And lastly, when we do advertise, when we do get in front of the broader group, our approach has been to educate. So instead of just saying we've got four and five star funds, we are actually telling them about the investment challenges we see that they have and helping them think through them. The hidden risk in bond portfolios is one of our current engagements, raising our visibility, giving them a window to see all of our intellectual capital and the power of our firm has really been what this is all about.

So let me just finish by saying that we have delivered strong results, we're excited about that, but more importantly, we are investing and continuing to do so. We've proactively managed our investment capabilities. We've been deepening our connections with clients, and we've been getting the efficiency of scale infrastructure to give us the resources to afford all of this, to do this in a way that is driving shareholder wealth.

And lastly, in addition to all the great things that we think we're doing as an investment management company, we're leveraging the clear advantages of being the investors within the investments company for the world; strong results, great future; great model, delivering the power of both focus and scale and leveraging all of BNY Mellon; we think that is an extraordinary opportunity.

So with that, our results, our projections for the next three years. And I'll just very quickly -- Gerald already gave them for the whole company, but for Investment Management, we also will benefit from a different rate environment. Fee waivers have absolutely impacted our results, but in a normalized rate environment, we think we can generate 12% to 14%. And I would tell you, I believe there is upside from there.

CAUTIONARY STATEMENT

A number of statements in our presentations, the accompanying slides and the responses to your questions are "forward-looking statements." These statements relate to, among other things, The Bank of New York Mellon Corporation's (the "Corporation") expectations regarding: our priorities; expense management; positioning for earnings growth; investments in organic and revenue growth opportunities and optimizing business mix; impact and upside of normalized conditions; run-rate savings of continuous process improvement; consolidation of operating platforms; return on technology spend; operating leverage; returns on tangible capital; financial priorities; expanding margins; ability and estimated time to meet liquidity coverage ratio ("LCR") and other liquidity and capital standards and regulatory requirements; anticipated tactical, deposit base and balance sheet actions in current and normalized environments; changes in the composition and yield of investment securities in connection with the LCR; target, projected and estimated (in current and normalized environments) capital ratios, LCR and leverage ratios, net interest margin, return on common equity, return on tangible common equity, deposit levels and run-off, EPS and revenue growth; capital plans and position, including target total payout ratio, dividends and share repurchases; possible actions to meet the supplementary leverage ratio requirement and estimated impact to ratio; normalized environment outlook; financial goals in the current environment and normalized environment on an operating basis; strategic priorities and key initiatives in investment management and margin impact; investment management financial goals in a flat and rising rate environment; positioning of markets group for outperformance; markets group strategic priorities and impact on growth, profitability and return on capital; estimated revenue contribution by business line of markets group; markets group revenue growth and operating margin; investment services strategic priorities and transformation process and impact on operating margins and earnings growth; strategic platform investments and margin impact; investment services fee growth; investment services financial goals in a flat rate and rising rate environment; strategic priorities in technology; estimated indexed storage demand, demand for computing, infrastructure cost, headcount, application development unit and total cost and strategic investment as a percentage of portfolio; technology infrastructure and monetizing technology capabilities; and statements regarding the Corporation's aspirations, as well as the Corporation's overall plans, strategies, goals, objectives, expectations, estimates, intentions, targets, opportunities and initiatives. These forward-looking statements are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond the Corporation's control).

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