WELLS FARGO
Investment Institute

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Alternative thinking

Helping investors understand alternative investment strategies

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Please see the end of this report for the risks associated with alternative investments and asset classes along with definitions of the indexes.

Helping investors understand alternative investments

Pensions, endowments, and institutional investors have long incorporated alternative investments, including hedge funds and private capital funds, in their asset allocation framework.

Some individual investors, on the other hand, may not be familiar with these important investment tools, resulting in portfolios that have exposure limited solely to traditional assets, such as stocks and bonds. That may be changing. With an ever-evolving investment environment, many investors — institutional and individuals alike — are recognizing the potential benefits alternative investments can offer and are choosing to include them in their diversified portfolios.

Wells Fargo Investment Institute believes in the importance of looking for ways to diversify portfolios and using strategies focused on unlocking value or complementing traditional allocation strategies. The following provides foundational knowledge on alternative investments. It also illustrates why we believe many qualified investors can benefit from an allocation to these diversifying strategies.

Key topics

- Potential benefits of alternative investments within the framework of an asset allocation model
- Various structures available to investors and how they differ
- How hedge funds can help maintain a portfolio during market downturns
- Potential investment opportunities that can be accessed through private capital
- How alternative investments may prove beneficial in the current market environment

How can alternative investments help build a more effective portfolio?

Alternative investments may improve portfolio results

History has shown that diversification — putting money into a variety of different types of investments or asset classes — generally has been an effective strategy to help manage a portfolio's risk and return profile. True diversification, however, is more than a mix of traditional long-only stock, bond, and cash holdings. Although diversification may not protect against market losses, it potentially can enhance performance and help mitigate the risk associated with any one investment or asset class.

What are alternative investments?

Alternative investments can help diversify or complement a traditional portfolio through the types of investments owned or the techniques employed. They include asset classes, strategies, and structures that often are different from traditional investments and employ hedging and arbitrage techniques using long and short positions, leverage, derivatives, private investments, and investments in a variety of global markets. Types of alternative investments include alternative mutual funds (liquid alternatives); private funds (hedge funds, managed futures, private equity, and private debt); and certain real assets, such as private real estate.*

Building a truly diversified portfolio

Over the long term, traditional asset classes have performed well and served investors admirably. Yet, the world today is filled with uncertainty, as growing risks in the economic and geopolitical landscape can negatively impact your portfolio. By incorporating alternative strategies, we believe investors can build a portfolio that offers greater diversification in an effort to withstand challenging market environments.

Wells Fargo Investment Institute suggests investors consider a four-asset-group allocation, such as the example shown in the right sidebar, as we believe this may help manage a portfolio's risk and return.

Our strategic moderate growth and income with alternatives allocation

Our belief is that many investors can benefit from alternative investments

33%

Alternative investments and real assets

38%

Stocks

27%

Fixed income

2%

Cash alternatives

Source: Wells Fargo Investment Institute. Allocations are current as of July 16, 2025, and may change over time.

This table is for illustrative and information purposes only and does not constitute advice or a recommendation of any investment strategy, including strategies that allocate to alternative investments.

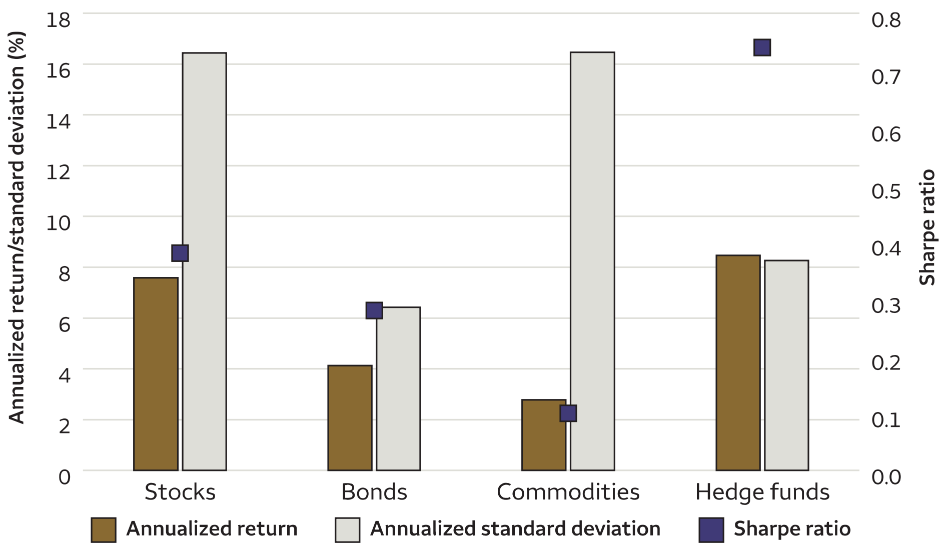
* Ask your financial advisor for one of our "Product Guides" for more detailed information about any one of these vehicles.

What alternative investments may deliver

- Exposure to a broader range of investment opportunities and strategies
- Potential for improved risk-adjusted returns
- Less-extreme market cycle peaks and troughs when combined with a portfolio of traditional stocks and bonds
- Access to less-efficient markets, which can create investment opportunities
- Historically lower correlation — that is, they may respond differently to market conditions — versus traditional investments

Potential benefits of alternative investments

The chart below shows the annualized return, standard deviation, and Sharpe ratio of stocks, bonds, commodities, and hedge funds. Hedge funds, a subset of alternative investments represented by the below index, have historically produced the highest Sharpe ratio — a measure of risk-adjusted returns — which when combined with a traditional portfolio of long-only stocks and bonds has increased return and decreased risk.



Please see additional information about alternative index performance on page 12 of this report.

The chart below shows calendar-year returns for the same asset classes — stocks, bonds, commodities, and hedge funds. Hedge funds have been the second-best-performing asset class in 8 out of the past 10 years.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average
Stocks	-0.87%	7.51%	22.40%	-8.71%	27.67%	15.90%	21.82%	-18.14%	23.79%	18.67%	**11.00%**
Bonds	-3.15%	2.09%	7.39%	-1.20%	6.84%	9.20%	-4.71%	-16.25%	5.72%	-1.69%	**0.42%**
Commodities	-24.66%	11.77%	1.70%	-11.25%	7.69%	-3.12%	27.11%	16.09%	-7.91%	5.38%	**2.28%**
Hedge Funds	-1.12%	5.44%	8.59%	-4.75%	10.45%	11.83%	10.16%	-4.20%	8.12%	9.75%	**5.43%**

First in returns | Second in returns | Third in returns | Fourth in returns

Please see additional information about alternative index performance on page 12 of this report.

Sources: MPI Stylus and Wells Fargo Investment Institute
Top chart data as of December 31, 2024. Data since January 1, 1992, the inception of the Bloomberg Commodity Total Return Index. Bottom chart data is from January 1, 2015, through December 31, 2024.

Standard deviation is a measure of the volatility of a portfolio's return. The higher the standard deviation, the greater volatility has been. Sharpe ratio is the annualized excess return of a particular investment or index over a guaranteed return (such as the 90-day Treasury bill) divided by the annual standard deviation of the excess return. The higher its Sharpe ratio, the better an investment's or index's returns have been relative to the amount of investment risk it has taken.

Stocks are represented by the MSCI World Index, bonds by the Bloomberg Global Aggregate Bond Index, commodities by the Bloomberg Commodity Index, and hedge funds by the HFRI Fund Weighted Composite Index. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

Please see the end of this report for definitions of the indexes related to the chart above and for important risk considerations.

How can investors access alternative strategies?

Alternative strategies becoming more widely accessible.

There are various types of fund structures that use alternative investment strategies. For qualified investors, private placement options can offer distinct advantages, including greater flexibility to express views, access to more illiquid assets, and a broader range of strategies.

For those who do not qualify, the growing availability of mutual funds employing alternative strategies provides access to many of the same benefits. Alternative mutual funds attempt to employ many of the same investment strategies used by hedge funds, which may enhance portfolio diversification by incorporating nontraditional investments and trading strategies. These funds often aim to mitigate downside risk while participating in market gains. Unlike private placements, alternative mutual funds offer daily pricing, enhanced liquidity, and simpler tax reporting. However, this liquidity comes with trade-offs: mutual funds are regulated by the U.S. Securities and Exchange Commission — primarily under the Investment Company Act of 1940 — which imposes various restrictions which limit their flexibility, including the amount of leverage they can use and the proportion of illiquid assets they may hold. Private placements, offered through specific exemptions from SEC registration, typically have no such constraints, creating a markedly different risk vs. return dynamic.

Alternative mutual fund strategies

Strategies that alternative mutual funds may employ include:

Short selling
Looking to profit from investments that decline in value

Leverage
Using borrowed funds to purchase investments that can magnify gains and losses

Derivatives
Purchasing financial instruments, such as futures and options, whose values are derived from that of underlying investments or assets

How alternative mutual funds are different

Alternative mutual funds and private placements have some overlapping portfolio benefits but also significant differences that are important to understand before considering investing:

Alternative mutual funds	Private placements
Greater flexibility and investment techniques than traditional stock and bond mutual funds	Broadest security and investment technique flexibility
Able to sell short securities and use leverage within regulatory limitations	Able to sell short securities and use leverage without regulatory limitations
Limited ability to invest in illiquid securities and strategies (including private equity and private debt) due to regulatory constraints	Can invest in illiquid securities and strategies (including private equity and private debt)
Daily liquidity and pricing	Less frequent liquidity and pricing
Simplified tax reporting	More complex tax reporting
Typically lower investment minimums	Typically higher investment minimums
Generally lower fees and expenses	Generally higher fees and expenses

Source: Wells Fargo Investment Institute, October 2025

Alternative mutual funds' role in a portfolio

Alternative mutual funds can complement stock and bond allocations in a portfolio by offering the potential for:

Reduced volatility
Alternative mutual funds seek returns that do not solely track stock and bond markets, so they may reduce a portfolio's volatility by improving its diversification.

Risk Mitigation in down markets
Alternative mutual funds may hold up better than stock funds during an equity market downturn. Limiting losses may help an investor stick with a long-term investing strategy during difficult markets.

Exposure to growth
Many alternative mutual funds can pursue growth opportunities in a wide range of market environments.

There is no assurance traditional mutual funds or alternative mutual funds will achieve their investment objectives. All investing involves risks, including the possible loss of principal.

For important risk information related to these funds, please see the end of this report.

How can hedge funds help manage portfolio volatility?

Hedge funds can add another dimension to portfolios

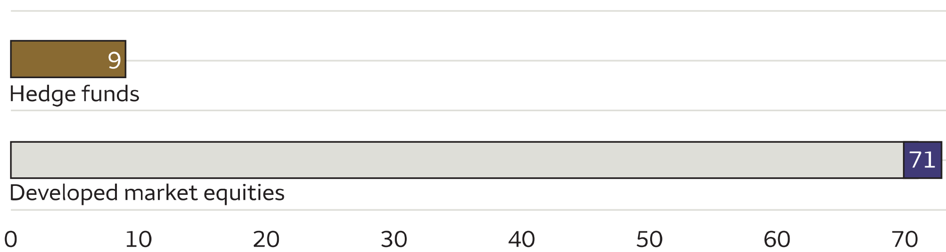
Hedge funds are private, pooled investments that generally are available only to qualified investors. These funds have the ability to use an array of techniques and a variety of investments. Fund managers typically do not rely on the general movement of the equity or fixed-income markets as a key driver of returns. Instead, most have the flexibility to construct portfolios that seek to dampen market risk, attempting to take advantage of mispriced securities; political or corporate events; trends in interest rates, currencies, and commodity prices; or other economic scenarios. This flexibility has resulted in an asset group that we believe can potentially deliver portfolio benefits.

We believe hedge funds have the potential to enhance portfolio diversification and deserve an allocation in portfolios regardless of the market environment — but it's when there's a market decline or sustained increased volatility that hedge funds often have helped maintain a portfolio's value.

Helping investors limit the downside

Hedge funds have been able to help preserve capital during negative equity markets by experiencing only 21% of equity losses while maintaining participation in up markets by capturing 50% of positive equity returns.[1] Looking at it another way, hedge funds have helped investors navigate difficult markets over the long term by experiencing significantly fewer negative months than equities.

Months with significant negative returns

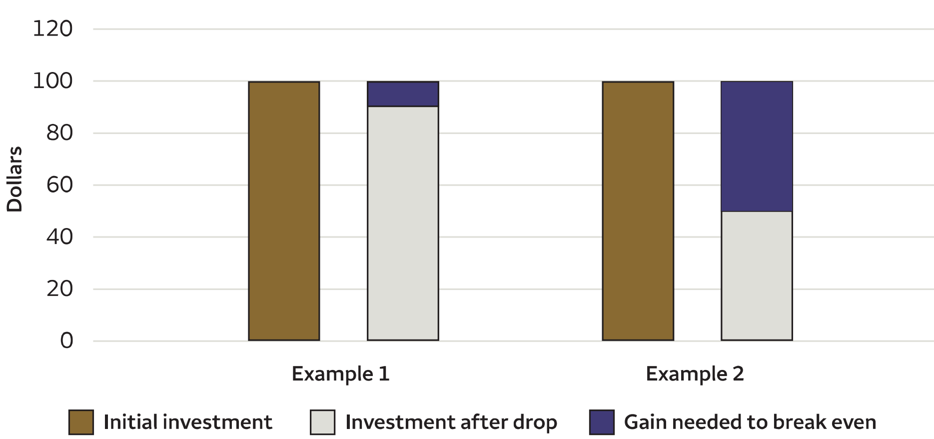


Please see additional information about alternative index performance on page 12 of this report.

The importance of limiting downside exposure

Hedge funds' ability to help investors limit the full downside of market volatility may not seem that important, but consider the chart below. Given a 10% decline, an investor would need an 11% gain to get back to where they started. With a 50% decline — similar to what the stock market experienced during the Great Recession — it would take a 100% gain to recoup the loss.

Deeper losses mean tougher recoveries



Maintaining the value of your portfolio to the extent possible during a downturn may mean your portfolio won't have to work as hard to grow in the coming years.

Example 1	10% drop	11% gain
Example 2	50% drop	100% gain

1. **Source:** MPI Stylus. Data as of December 31, 2024. Data since January 1, 1990, the inception of the HFRI Fund Weighted Composite Index. Up/down market capture ratios are a measure of investment performance in up and down markets relative to the market itself. A down market is one in which the index's quarterly return is less than zero.

Top chart: Sources are MPI Stylus and Wells Fargo Investment Institute. Numbers indicate months with returns of less than -3%. Data based on historical performance from January 1, 1990, through December 31, 2024. Hedge funds are represented by the HFRI Fund Weighted Composite Index. Developed market equities are represented by the MSCI World Index.

For illustrative purposes only. Index returns do not represent fund performance or the results of actual trading. Index returns reflect general market results; assume the reinvestment of dividends and other distributions; and do not reflect deduction for fees, expenses, or taxes applicable to an actual investment. Unlike most asset class indexes, HFR Index returns reflect deduction for fees. Because the HFR indexes are calculated based on information that is voluntarily provided, actual returns may be lower than those reported. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see the end of this report for definitions of the indexes and important risk considerations.

Bottom chart: Data shown in the chart is for illustrative purposes only. Results are not based on an actual portfolio or representative index.

How can private capital potentially enhance returns?

Private capital may unlock opportunity

Many businesses today are choosing to remain private longer. In 1999, the median U.S. technology firm transitioned to the public markets after four years of operating history, and by 2022 that figure increased to 15 years.[2] The additional 11 years (on average) that the companies remained private meant that much of the value accrued during the early, faster growth phase of a firm's lifecycle benefited private market investors.

Companies that remain private can avoid the burden and cost of regulatory requirements and focus on longer-term strategic plans, compared with public market entities that pay greater attention to shorter-term financial results. While there are advantages and disadvantages to each side, qualified investors that can allocate across private and public markets may have the potential to capitalize on the broadest array of opportunities to help reach their financial goals.

Here's where private capital comes in

Private capital gives these investors access to private companies primarily through:

Private equity

Investing directly in private companies or assets in return for an ownership position

The capital can be used to:

- Fund new technologies
- Expand working capital
- Make acquisitions
- Strengthen a balance sheet

Strategies typically include:

- Buyout
- Special situations
- Growth equity
- Venture capital

Private debt

Directly providing debt capital to private companies, typically in return for interest income

Strategies may invest in debt instruments across a company's capital structure, including:

- Senior-secured (highest priority)
- Junior-secured (lower priority)
- Mezzanine (mix of debt and equity)

A variety of potential benefits

Access to private capital is normally open to qualified purchasers, and sometimes accredited investors, through an investment in a privately offered fund that pools investors' money to invest in a portfolio of private equity, private debt, or both. It can offer a number of potential benefits for these investors, including:

Exploiting pricing inefficiencies

Private equity seeks to take advantage of the difficulty in determining a company's worth because of the lack of public information available.

Effecting corporate change

Private equity managers often use a hands-on approach to investing and get involved directly with company management and advise on improvements.

Using patient capital

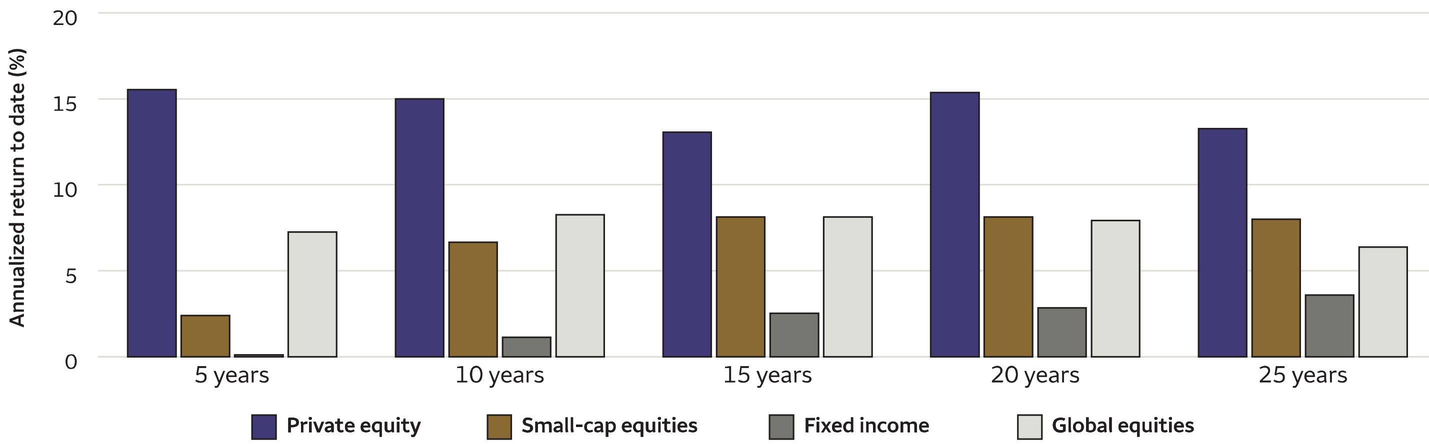
Private capital provides access to investments that are longer term in nature.

2. **Source:** UF Warrington College of Business website

A consistent track record

One reason for qualified investors to consider private capital is that it offers the potential for higher returns than many other asset classes.

Private equity indices have outperformed other asset classes over the long term



Sources: MPI Stylus and Wells Fargo Investment Institute. Data as of December 31, 2024.

Alternative Index Performance

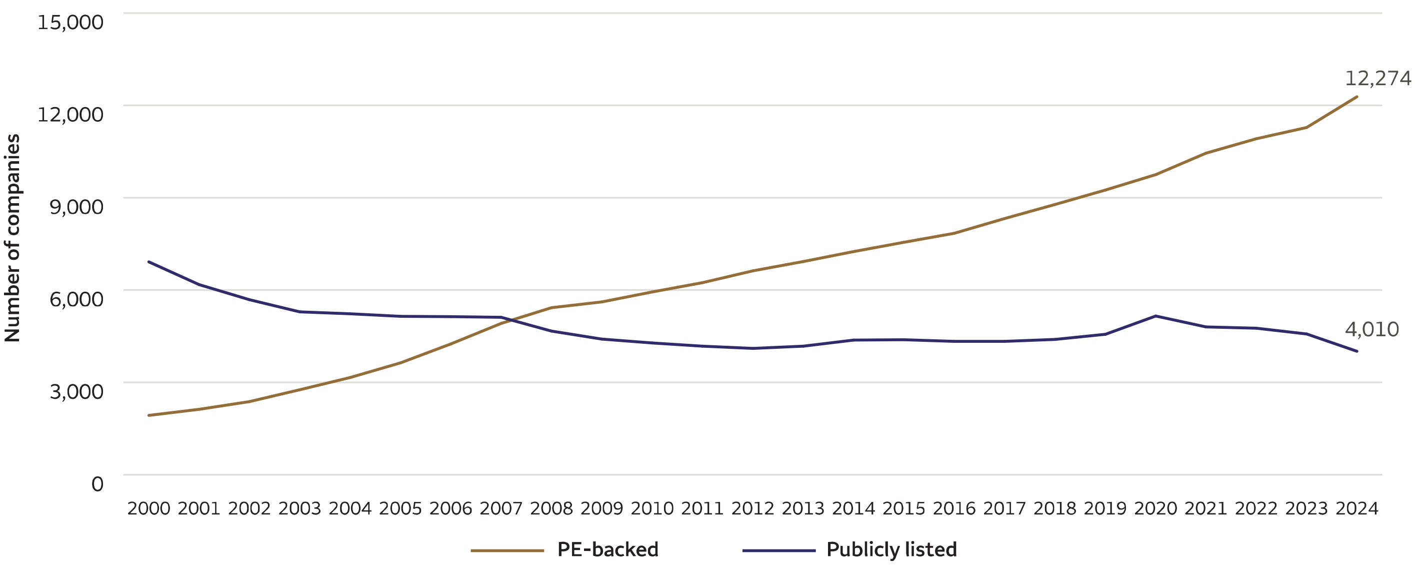
Performance results are for illustrative purposes only. Risk and return results of the general portfolio blends [indexes] above do not represent investment returns or the results of actual trading, and are provided for the sole purpose of displaying potential effects of diversification in a portfolio. Index returns reflect general market results for the asset or product type, assume the reinvestment of dividends and other distributions, and do not reflect deduction for expenses or taxes applicable to an actual investment. **Indexes used to represent allocations to alternative investment products and private markets ("Private Market Indexes") are different than indexes representing publicly traded securities.** Private Market Indexes are typically comprised of information voluntarily reported by the fund managers that have chosen to participate, and therefore these indexes **could reflect a bias towards funds with successful track records**, leading to the appearance that the average historical fund performance was better than it actually was. **Past performance is no guarantee of future results.** While traditional public market indexes calculate an average annual compounded return (time weighted over specified time periods), private indexes measure performance using internal rates of return and multiples based on cash flows (money-weighted returns). Index comparisons have limitations. No index is directly comparable with traditional or private investments and should not be relied upon as a measure of the performance a portfolio may achieve. Private Market Indexes used here cannot be invested in directly or indirectly, and therefore an actual investment in these product classes is not expected to be as diversified as their associated index. **Actual investments will likely carry increased volatility relative to their index.** Although adding alternative investments to an investment portfolio may further diversify the total portfolio, each alternative investment could carry higher risk than other investments within the portfolio. Investors should carefully consider the risks of each alternative investment product that they are considering for investment. Because different managers use a multitude of different strategies, an alternative index may not accurately reflect every investment in that asset class. Investors should carefully consider the asset class in which the product intends to invest to avoid inadvertently overexposing the portfolio to the risks of a particular asset class or economic sector. An investment's offering documents will more accurately discuss all applicable risks. These offering documents should be read carefully before investing. Private equity represented by the MSCI Global Private Equity Closed-End Fund Index (unfrozen), developed market equities represented by the MSCI World Index, small-capitalization equities represented by the Russell 2000 Index, and fixed income represented by the Bloomberg U.S. Aggregate Bond Index. Please see the end of this report for definitions of the indexes and important risk considerations.

More opportunities may lie ahead

Despite a slowdown in private capital activity in the past couple of years, the growth in size of private markets continues unabated. The number of private-equity-owned companies continues its upward trajectory and now totals over 12,000 (excluding venture capital businesses), a stark contrast to the declining trend in the number of publicly listed companies that currently registers just over 4,000.

While U.S. private equity fund values remain a small fraction of the overall value of the public equity market capitalization (6.2% per Pitchbook, as of December 31, 2023), the growing prominence of private capital markets shows no signs of slowing. Investors that allocate to both public and private markets may have the potential to capitalize on the broadest array of opportunities when attempting to realize their long-term financial objectives.

PE-backed company count (excludes VC) versus domestic firms publicly listed on NYSE and Nasdaq



Sources: Pitchbook, World Bank Group, and Wells Fargo Investment Institute. Data shown from calendar year 2000 through 2024. Data as of June 30, 2025. PE = private equity. VC = venture capital.

Private-equity-backed companies: Includes companies in the Pitchbook database that are currently privately owned or are financially backed by a private equity investor. Includes companies categorized as buyout or growth equity companies (excluding venture capital) and does not include companies that were acquired by or merged with another company. Publicly listed: Includes U.S.-based firms publicly listed on the NYSE and Nasdaq stock exchanges.

Risk overview: Are alternatives appropriate for you?

As with any investment, alternative investments involve a significant degree of risk and there can be no assurance that the strategy's objectives will be achieved or that there will not be a loss of some or all invested capital. The following considerations, among others, should be carefully evaluated before making an investment in alternative strategies. Please note that this list of risks is not a complete summary or explanation of the various risks involved in an investment in the strategy but highlight several that we believe an investor should consider prior to making an investment.

Valuation uncertainty

For many illiquid assets that lack an active market where buyers and sellers determine current pricing, fund managers often employ third party valuation providers or quantitative models to determine an appropriate valuation. The accuracy of these valuation methods may be less reliable, especially during times of public market volatility or economic weakness.

Higher fees

Alternative investments may charge higher management and performance-related fees, as well as incur higher operational expenses relative to traditional mutual funds and exchangetraded funds (ETFs).

Greater performance dispersion

Private market and hedge fund strategies often exhibit greater return dispersion than public funds, where the performance can vary widely from fund to fund. Identifying managers with unique sourcing capabilities and extensive experience in evaluating (and investing in) the most attractive investment opportunities is a key facet in pursuing the desired performance results over time.

Illiquidity

Most alternative investments offer more limited options to redeem as compared to traditional stocks, bonds, mutual funds or ETF's. While hedge funds and many registered evergreen funds offer quarterly redemption windows (subject to fund level limitations and other restrictions), an investment in many private capital funds (for example, private equity) represents a highly illiquid investment and should only be acquired by an investor able to commit its capital for an indefinite period of time – typically 10+ years.

Use of leverage and/or derivatives

Strategies that use leverage in an attempt to enhance returns may inadvertently increase the exposure to downturns in the economy or deteriorations in the condition of an underlying portfolio investment or its industry. Moreover, the use of derivatives may involve additional complexity, leverage, and result in unintended exposures that may also negatively impact returns.

Wells Fargo Investment Institute conducts thorough research and due diligence on investment managers, aiming to increase the probability of selecting managers that perform at or near the top of their peer universe. The experienced group of analysts works to ensure that qualified investors have access to many top tier managers across the private capital spectrum.

Mark Steffen, CFA, CAIA

Global Alternative Investment Strategist

Mark Steffen is a global alternative investment strategist for Global Investment Strategy, a division of Wells Fargo Investment Institute. Mr. Steffen formulates and leads strategy and asset allocation guidance for alternative investments, including hedge funds, private equity, private debt, and private real assets. He has more than 25 years of experience in financial services. Mr. Steffen earned a Bachelor of Science from St. Cloud State University. He has earned the right to use the Chartered Financial Analyst® (CFA®)and Chartered Alternative Investment Analyst (CAIA) designations.

Chao Ma, PhD, CFA, FRM

Global Portfolio and Investment Strategist

Chao Ma leads the research and delivery of Wells Fargo Investment Institute's strategy and thought leadership for asset allocation, model portfolio management, and private markets. Dr. Ma has over 15 years of experience in research. Dr. Ma earned his Doctor of Philosophy and Master of Science from Caltech, as well as Bachelor of Science – with honors – from Beijing Institute of Technology. He has been awarded the Chartered Financial Analyst (CFA®) and the Financial Risk Manager (FRM®) designations.

Tracie McMillion, CFA

Head of Global Asset Allocation Strategy

Tracie McMillion focuses on the development of global investment strategy, oversees the creation of asset allocation recommendations, and writes economic and market commentary and analysis for Wells Fargo Investment Institute. Ms. McMillion has more than 25 years of experience in financial services. She earned a Bachelor of Arts in Economics and a Master of Business Administration from the College of William and Mary in Virginia. She is a Chartered Financial Analyst® (CFA®) charterholder and member of CFA Society North Carolina.

Risk considerations

Diversification cannot eliminate the risk of fluctuating prices and uncertain returns.

Alternative investments

Alternative investments, such as hedge funds, private capital, and private debt funds, are not appropriate for all investors and are only open to "accredited" or "qualified" investors within the meaning of U.S. securities laws. They are speculative and involve a high degree of risk that is appropriate only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program. Some of the risks associated with these funds include loss of all or a substantial portion of the investment due to leverage, short selling, or other speculative practices; lack of liquidity in that there may be no secondary market for a fund; volatility of returns; restrictions on transferring interests; potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; absence of information regarding valuations and pricing; complex tax structures and delays in tax reporting; less regulation and higher fees than mutual funds; and risks associated with the operations, personnel, and processes of the manager. An investor's ability to withdraw capital from funds or partnerships may be subject to specific limitations, including initial "lock-up" periods, advance notification requirements, and predetermined "windows" for redemptions. Private debt strategies seek to actively improve the capital structure of a company often through debt restructuring and deleveraging measures. In private debt investments, an investor acts as a lender to private companies and loans have specific contractual interest rate terms and repayment schedules. Such investments are subject to potential default, limited liquidity, the creditworthiness of the private company, and the infrequent availability of independent credit ratings for them. Because of their distressed situation, private debt funds may be illiquid, have low trading volumes, and be subject to substantial interest rate and credit risks. An investor should review the private placement memorandum, subscription agreement, and other related offering materials for complete information regarding terms, including all applicable fees, as well as the specific risks associated with a fund before investing.

Alternative mutual funds (liquid alternatives)

There is no assurance that traditional mutual funds or alternative mutual funds will achieve their investment objectives. All investing involves risks, including the possible loss of principal. Mutual funds that invest using alternative strategies are more complex investment vehicles. Relative to broad, long-only traditional asset class mutual funds, alternative mutual funds may employ more complex strategies, investments, and portfolio structures. Some of these risks include short selling, leverage, and the use of derivatives. Short selling involves the risk of potentially unlimited increase in the market value of the security sold short, which could result in potentially unlimited loss for the fund. In addition, taking short positions in securities is a form of leverage, which may cause a portfolio to be more volatile. Leverage increases a fund's sensitivity to market movements. The use of leverage in a portfolio varies by investment strategy. Leverage can significantly increase return potential but create greater risk of loss. Derivative prices depend on the performance of an underlying asset. A small movement in the price of the underlying asset may produce a disproportionate large movement, whether favorable or unfavorable, in the price of the derivative instrument. Derivatives, such as futures and options, generally have implied leverage, which can magnify volatility and may entail other risks such as market, interest rate, credit, liquidity, counterparty, and management risks. Alternative mutual funds may hold investments that may be difficult to value. At times, the fund may be unable to sell certain of its illiquid investments without a substantial drop in price, if at all. Other risks may apply as well, depending on the specific fund. Before considering, investors should carefully read the investment fund prospectus.

Asset-class risks

Each asset class has its own risk and return characteristics, which should be evaluated carefully before making any investment decision. Both stocks and bonds involve risk, and their returns and risk levels can vary depending on prevailing market and economic conditions. Stocks are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Small-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks. Bonds are subject to interest rate, credit/default, liquidity, inflation, and other risks. Bond prices fluctuate inversely to changes in interest rates. Foreign investing entails risks not typically associated with investing domestically, such as currency, political, economic, and different accounting risks. The commodities markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value which may result in greater share price volatility. Real estate has special risks including the possible illiquidity of underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.

Index definitions

Hedge funds: The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in U.S. dollars and have a minimum of $50 million under management or a 12-month track record of active performance. The HFRI Fund Weighted Composite Index does not include funds of hedge funds.

Note: HFRI indexes have limitations (some of which are typical of other widely used indexes). These limitations include survivorship bias (the returns of the indexes may not be representative of all the hedge funds in the universe because of the tendency of lower-performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indexes, and, therefore, the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indexes are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indexes may not be complete or accurate representations of the hedge fund universe and may be biased in several ways. Returns of the underlying hedge funds are net of fees and are denominated in USD.

Private equity: MSCI Global Private Equity Closed-End Fund Index (unfrozen) is a benchmark that tracks the performance of global private equity funds by aggregating data from historical fund performance records, including cash flow data from institutional investors. As of Q2 2025, the index covers 8679 private equity funds based on MSCI classification with total capitalization of $7,036 billion. The MSCI database covers over 20,000 closed-end, private capital funds from more than 5,000 managers, sourced from over 1,000 institutional investors and asset owners. The database requires fund-level cash-flow data and portfolio information and ensures data is of research quality and can be used to create benchmarks. Developed by MSCI, the index measures net-to-investor performance and provide insights to help investors evaluate risk, measure performance, and compare private equity investments against market and peer performance.

Market-based

The Bloomberg U.S. Aggregate Bond Index is a broad-based index that measures the investment-grade, U.S.-dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS, and CMBS.

The Bloomberg Commodity Index is a broadly diversified index comprised of 23 exchange-traded futures on physical commodities and represents 20 commodities weighted to account for economic significance and market liquidity.

The Bloomberg Commodity Total Return Index reflects the returns that are potentially available through an unleveraged investment in the futures contracts on 19 physical commodities comprising the Index plus the rate of interest that could be earned on cash collateral invested in specified Treasury Bills. The Index is a rolling index rebalancing annually.

The Bloomberg Global Aggregate Bond Index provides a broad-based measure of the global investment grade fixed-rate debt markets. It is comprised of the U.S. Aggregate, Pan-European Aggregate, and the Asian-Pacific Aggregate Indexes. It also includes a wide range of standard and customized subindices by liquidity constraint, sector, quality and maturity.

The **MSCI World Index** is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of 23 global developed markets.

The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The **S&P 500 Index** is a market-capitalization-weighted index composed of 500 widely held common stocks that are generally considered representative of the U.S. stock market. Returns assume reinvestment of dividends and capital gain distributions.

An index is unmanaged and not available for direct investment.

Helping you build a stronger financial future

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