

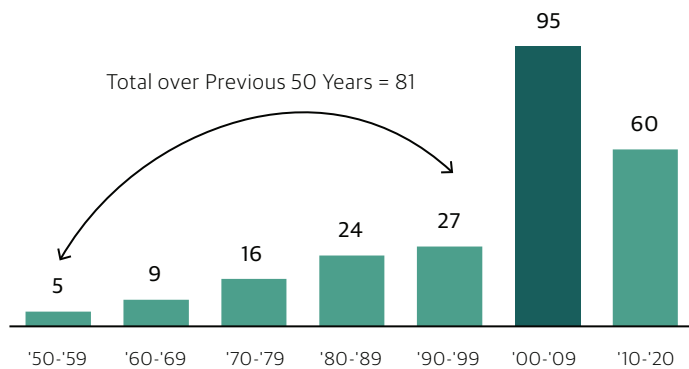
The Case For Private Market Alternatives

The Environment Today

Investors are coming off the third severe market decline of the century, underscoring the importance of preparing portfolios for market volatility. The search for diversification is getting harder with traditional allocations to equities and fixed income dependent on market movements, and many diversifiers delivering lackluster performance.

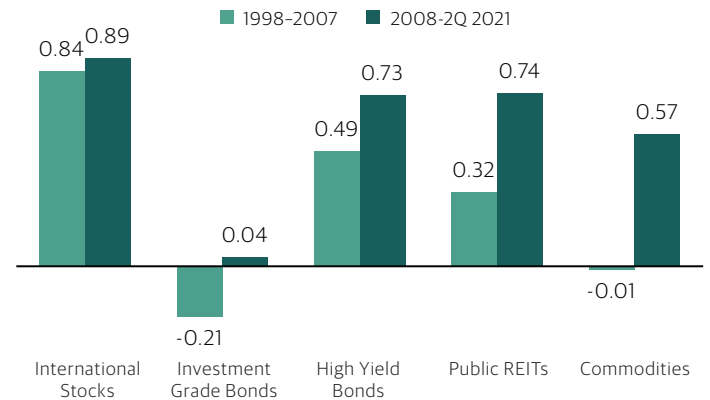
Extreme Volatility Leaves Deep Scars¹

Number of 3% Daily S&P 500 Moves by Decade



Higher Correlations Leave Nowhere to Hide²

Correlation of Key Asset Classes with the S&P 500 Index



A Solution

We believe alternative assets can offer a way to lift portfolio returns and to provide diversification with less volatility.¹ However, investors must be comfortable with having illiquidity in a portion of their portfolio. Investors should therefore stay disciplined in working with top quality managers.

The Potential Advantages of Private Investing

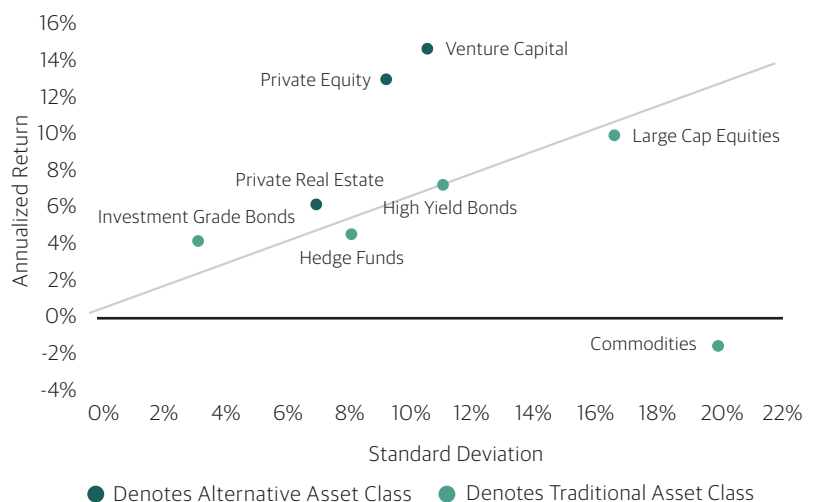
- Control-oriented investments with flexibility to execute on business plan
- Not constrained on timing of investments and exit opportunities
- Ability to leverage information flow across public and private markets
- Privately structured transactions allow for potential downside protection without upside capsⁱⁱ

The Tradeoffs of Private Investing

- Tend to be invested in illiquid investments, making them harder to exit and price regularly
- Often higher fees are associated with private investments
- More complex in structure than traditional investments, with less transparency

Risk-Return of Various Asset Classes³

(2006-2021)



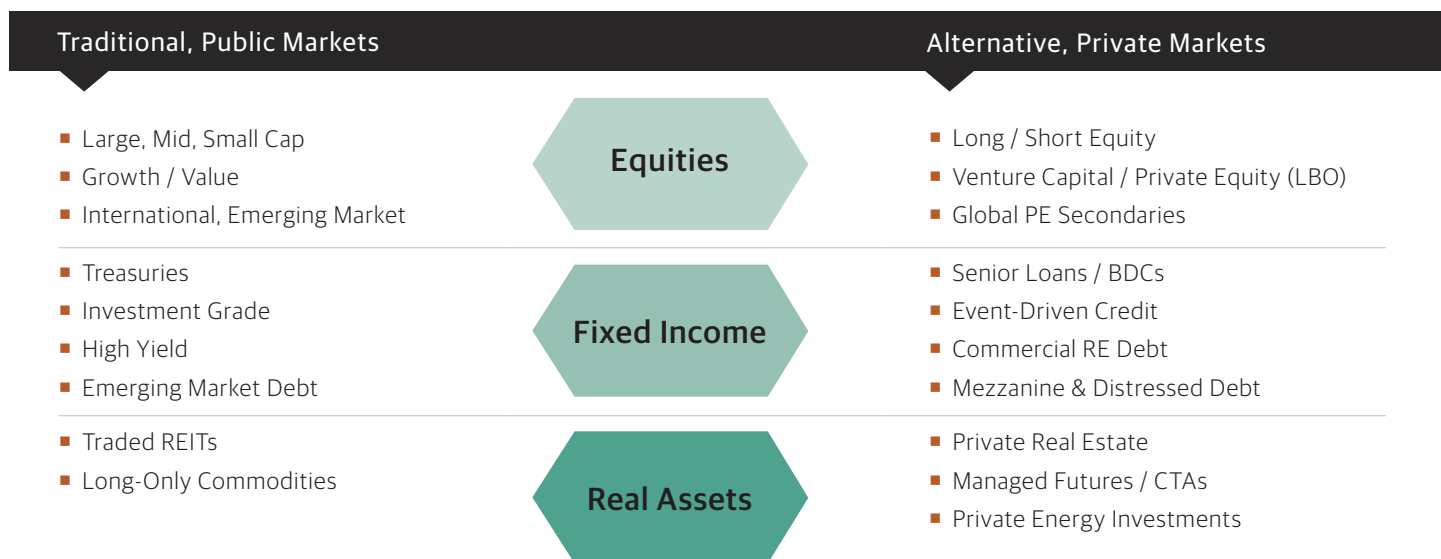
For informational purposes only. Investments in less liquid private market strategies are by nature risky and typically involve a high degree of leverage. The returns indicated above are long term and represent well-known asset class indices and are not meant to be predictive of the performance of any particular fund, nor are they meant to suggest that all private funds result in positive returns or would avoid loss of principal.

(i) Diversification does not ensure a profit or protect against losses.

(ii) This product is subject to the risk of capital loss and investors may not get back the amount originally invested.

Alternatives as a Complement to Traditional Investments

Alternatives include an array of assets, strategies, and structures which can be viewed as an extension to public market investments.



For illustrative purposes only. There is no assurance that an allocation to alternatives would yield higher returns or protect capital. Please consult your own third-party advisors before making any investment decisions based on this information.

Endnotes

1. Morningstar Direct through 12/31/2020. Data covering 2010-2020 spans 1/1/10-12/31/2020.
2. Morningstar Direct through 6/30/2021. The correlations presented are based on the following indices: for International Stocks: MSCI ACWI ex-U.S.; for Investment Grade Bonds: Bloomberg Barclays U.S. Aggregate; for High Yield Bonds: Bloomberg Barclays High Yield Corporate; for Public REITs: FTSE NAREIT All Equity REITs; for Commodities: S&P GSCI.
3. Morningstar Direct for the 15-year period ending 3/31/2021. The returns and volatility of the asset classes presented are based on the following indices: for U.S. Stocks, S&P 500 Index; for Private Equity: Cambridge Assoc. U.S. Private Equity; for Venture Capital: Cambridge Assoc. U.S. Venture Capital; for Commodities: DJ Commodity; for Investment Grade Bonds: Bloomberg Barclays U.S. Aggregate; for Private Real Estate: NCREIF ODCE; for High Yield Bonds: Bloomberg Barclays High Yield Corporate. **Past performance is not necessarily indicative of future results.** There can be no assurance any alternative asset classes will achieve their objectives or avoid significant losses. These indices have been selected as generally well-known and widely recognized indices and not as a benchmark for any specific fund. Equity indices include reinvestment of dividends.

Key Risk Factors

Certain countries have been susceptible to epidemics which may be designated as pandemics by world health authorities, most recently COVID-19. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which funds invest), and thereby is expected to adversely affect the performance of a fund's investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to funds and the performance of their investments.

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