

Endowment Trustees Report

Brett Bonfield, Senior Trustee
January 21, 2026



Endowment Trustees

- Brett Bonfield, Senior Trustee (2027)
- Larry Neal, Treasurer (2028)
- Maggie Farrell (2026)
- Julia Gelfand (2028)
- Rhea Lawson (2026; Term Limited)
- Jack Martin (2028)
- Shali Zhang (2027)

ALA and Merrill Lynch

ALA

- Dina Tsourdinis,
Chief Financial Officer
- L. Denise Moritz,
Director of Financial
Reporting and
Compliance
- Yamile Madrigal,
Program Coordinator

Merrill Lynch

- Raj Bhatia
- Shen Li
- Michael Taylor



Highlights

- The ALA endowment closed the year at \$67,983,561 (after distributions; see below)
- The value of the investments increased by 12.1%.
- The endowment distributed \$3,484,944 for ALA operations, scholarships, division-based initiatives, and other needs.
- Executive Board accepted the Trustees' recommendation to distribute 5% of the average value of the endowment over the trailing 20 quarters (5 years).



How Did We Do in 2025?

- Vs. Goal
- Vs. Benchmark
- Vs. Risk
- Vs. Fees & Expenses
- Vs. Values

Vs. Goal

Goal (“[Investment Policy Statement](#)”) =
4% + [Inflation](#)

- 1 Year: 12.1% Return vs 6.7% Goal (4% + 2.7%)
- 5 Years: 7.4% Return vs. 8.5% Goal (4% + 4.5%)
- 10 Years: 9.0% Return vs. 7.7% Goal (4% + 3.7%)

Vs. Benchmark

See “**Benchmark**” in Manager Performance:
ALA Endowment (Overall) (2025-12-31), pg. 16

- 1 Year: 12.1% Return vs. 13.3% Benchmark
- 5 Years: 7.4% Return vs. 7.1% Benchmark
- 10 Years: 9.0% Return vs 8.0% Benchmark

Vs. Risk

“The Endowment Trustees employ a strategy that provides for target ranges within each asset class, allowing Trustees to adjust to market conditions.

Additionally, to **minimize risk**, the Endowment Trustees invest in a variety of financial instruments with both passive and active management.”

- Diversification close to “Target” (pg. 12)
- Are we prepared for a recession or depression?

Vs. Fees

All reported results are net of fees (pp. 11-16)

- ALA paid Merrill Lynch \$303,853 for advisory fees (45 basis points or .45% of the endowment's value).
- .35 % to Equity, Real Asset, and Fixed Income Investment Managers (~\$150,000)
- ~1.47% to Alternative Investment Managers (\$160,000)
- The Trustees will meet virtually in FY 2026, except at the 2026 ALA Annual

Vs. Values

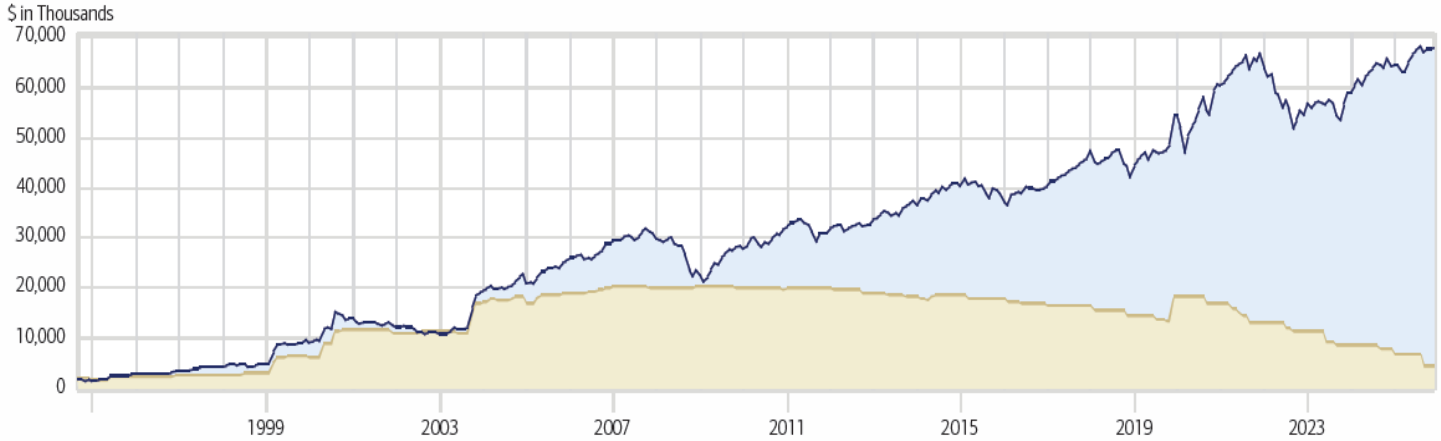
“The Trustees have a commitment to diverse management teams and to Environmental, Social and Governance (ESG) investment products as well as EDI investments as long as these products do not sacrifice returns.”

Percentages (pp. 12-15) (total = 64.2%):

- ESG-Focused Investments: 55.7%
- Diverse-Owned Investment Manager: 8.5%

Endowment Historical Growth

Performance period: 10/17/1994 to 12/31/2025



■ Total Market Value ■ Opening Balance +/- Contributions/(Withdrawals)

Categories	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Entire Period
Opening Balance (\$)	38,724,962	40,016,349	45,900,664	42,091,092	54,260,268	60,747,152	66,937,475	54,527,718	58,826,413	64,201,050	1,623,562
Contributions/(Withdrawals) (\$)	(991,964)	(369,494)	(2,053,057)	4,009,133	(1,448,275)	(3,772,171)	(1,706,910)	(2,877,770)	(785,508)	(3,484,944)	1,794,612
Interest/Dividends (\$)	1,252,452	1,214,040	1,528,605	1,190,682	1,631,792	2,260,553	2,045,158	1,912,333	2,243,547	2,241,416	31,974,736
Appreciation/(Depreciation) (\$)	1,030,899	5,039,768	(3,285,121)	6,969,361	6,303,367	7,701,942	(12,748,005)	5,264,131	3,916,599	5,026,038	31,986,766
Closing Balance (\$)	40,016,349	45,900,664	42,091,092	54,260,268	60,747,152	66,937,475	54,527,718	58,826,413	64,201,050	67,983,561	67,983,561
Time Weighted Return (%)	6.13	15.82	(4.04)	19.44	14.85	16.73	(14.85)	13.42	10.50	11.60	823.84

Book Value
\$3.42 million

Investment Earnings
\$63.96 million

Book Value is the net total of contributions and withdrawals; these transactions increase or decrease Book Value and total portfolio value by identical amounts.

Asset Allocation (2025-12-31)

Asset Allocation							
	Value	Exp Ratio	Min	Actual	Target	Max	+/-
Equity & Real Assets	\$ 34,008,593		30.0%	50.0%	50.0%	70.0%	0.0%
Domestic Large/Mid Cap	\$ 25,726,482		20.0%	37.8%	40.0%	50.0%	-2.2%
iShares ESG Aware MSCI USA ETF	\$ 13,255,942	0.15%		19.5%			
Nuveen ESG Large-Cap Growth ETF	\$ 5,099,194	0.26%		7.5%			
Vanguard Value ETF	\$ 5,142,788	0.04%		7.6%			
Ishares ESG MSCI USA Small Cap ETF	\$ 1,061,540	0.17%		1.6%			
Ariel Fund	\$ 1,167,018	0.68%		1.7%			
International Equity	\$ 8,282,111		0.0%	12.2%	10.0%	20.0%	2.2%
Dimensional International Core	\$ 4,170,949	0.18%		6.1%			
iShares ESG Aware MSCI EAFE ETF	\$ 4,100,661	0.20%		6.0%			
Real Assets	\$ -		0.0%	0.0%	0.0%	15.0%	0.0%
Fixed Income	\$ 19,874,314		25.0%	29.2%	30.0%	65.0%	-0.8%
Guggenheim Total Return	\$ 4,949,544	0.54%		7.3%			
iShares ESG Adv. Total USD Bond Market ETF	\$ 4,961,567	0.12%		7.3%			
PIMCO Income	\$ 5,040,797	0.64%		7.4%			
Calvert ESG Short Duration	\$ 4,922,406	0.51%		7.2%			
Alternatives*	\$ 10,437,436		5.0%	15.4%	15.0%	25.0%	0.4%
Partners Group PE (Master Fund)	\$ 2,474,374	1.50% + 10.0%		3.6%			
Blackstone 2018 Alts Trust	\$ 1,461,850	1.50% + 20.0%		2.2%			
Hamilton Lane Private Assets Fund	\$ 1,233,235	1.40% + 10.0%		1.8%			
KKR 2016 Custom Equity Opps	\$ 688,723	1.50% + 20.0%		1.0%			
Blackstone 2015 Alts Trust	\$ 552,957	1.50% + 20.0%		0.8%			
Ares Strategic Income Fund	\$ 2,020,299	1.25% + 12.5%		3.0%			
Blackstone Real Estate Income Trust	\$ 1,002,948	1.25% + 12.5%		1.5%			
AQR Diversifying Strategies Fund	\$ 1,003,050	1.47%		1.5%			
Cash	\$ 3,663,218		0.0%	5.4%	5.0%	10.0%	0.4%
Total	\$ 67,983,561			100.0%	100.0%		
*Highlighted cells indicate ESG focused investment	**Highlighted cells indicate Diverse-Owned Investment Manager						

*Alternative Investment fees as of 12/31/2025 | Alternative investment fees are comprised of an Ongoing Management Fee + Carried Interest (Performance Fee), after a preferred return threshold is met.

Source: ML CRC reporting system

Manager Performance: Equity & Real Assets (2025-12-31)

Investment Manager	Allocation	Net Expense Ratio	YTD	1 Year	3 Years Annualized	5 Years Annualized
Equity & Real Assets	50.0%		19.6%	19.6%	19.8%	12.0%
Domestic Equity	37.8%		15.7%	15.7%	20.6%	12.8%
iShares ESG Aware MSCI USA ETF	19.5%	0.15%	16.9%	16.9%	22.3%	13.1%
Nuveen ESG Large-Cap Growth ETF	7.5%	0.26%	14.1%	14.1%	26.3%	14.1%
Vanguard Value ETF	7.6%	0.04%	15.3%	15.3%	13.5%	12.6%
Ishares ESG MSCI USA Small Cap ETF	1.6%	0.17%	10.6%	10.6%	13.2%	7.5%
Ariel Fund	1.7%	0.68%	14.5%	14.5%	14.3%	9.7%
International Equity	12.2%		32.0%	32.0%	17.5%	9.5%
Dimensional International Core	6.1%	0.18%	33.9%	33.9%	18.2%	10.3%
iShares ESG Aware MSCI EAFE ETF	6.0%	0.20%	30.0%	30.0%	16.8%	8.6%
Real Assets	0.0%		0.0%	0.0%	0.0%	0.0%
Benchmarks						
<i>MSCI All Country World Index (Global Equity)</i>			22.4%	22.4%	20.7%	11.2%
<i>Russell 3000 (US All Cap)</i>			17.1%	17.1%	22.2%	13.1%
<i>S&P 500 (US Large Cap)</i>			17.9%	17.9%	23.0%	14.4%
<i>Russell 2000 (US Small Cap)</i>			12.8%	12.8%	13.7%	6.1%
<i>MSCI EAFE (International)</i>			31.2%	31.2%	17.2%	8.9%
<i>3-Month US T-Bill + 3% (Real Assets)</i>			7.2%	7.2%	7.8%	6.2%
<i>Merrill U.S. Broad Market Bond</i>			7.1%	7.1%	4.6%	-0.4%
*ESG focused investments		**Diverse-Owned Investment Manager				

Fund and ETF vehicle returns are sourced from Morningstar

Asset class returns have been adjusted to assume 100% allocation | Performance figures are hypothetical, based on current portfolio holdings/weights

Note that various factors, including unpriced securities and certain adjustments, holdings or activity, may cause report results to differ from actual

performance. Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.

Manager Performance: Fixed Income (2025-12-31)

Investment Manager	Duration*	Allocation	Net Expense Ratio	YTD	1 Year	3 Years Annualized	5 Years Annualized
Fixed Income	4.8	29.2%		8.2%	8.2%	6.6%	1.8%
Guggenheim Total Return	5.9	7.3%	0.64%	8.2%	8.2%	6.2%	0.2%
iShares ESG Adv. Total USD Bond Market ETF	5.5	7.3%	0.54%	7.3%	7.3%	5.0%	-0.1%
PIMCO Income	5.4	7.4%	0.64%	10.9%	10.9%	8.5%	3.8%
Calvert ESG Short Duration	2.4	7.2%	0.12%	6.4%	6.4%	6.6%	3.1%
Benchmarks							
MSCI All Country World Index (Global Equity)				22.4%	22.4%	20.7%	11.2%
Russell 3000 (US All Cap)				17.1%	17.1%	22.2%	13.1%
S&P 500 (US Large Cap)				17.9%	17.9%	23.0%	14.4%
Russell 2000 (US Small Cap)				12.8%	12.8%	13.7%	6.1%
MSCI EAFE (International)				31.2%	31.2%	17.2%	8.9%
3-Month US T-Bill + 3% (Real Assets)				7.2%	7.2%	7.8%	6.2%
Merrill U.S. Broad Market Bond				7.1%	7.1%	4.6%	-0.4%
*ESG focused investments			**Diverse-Owned Investment Manager				
*Weighted average duration for fixed income investments only, figures as of 12/31/2025 Fund and ETF vehicle returns are sourced from Morningstar							
Asset class returns have been adjusted to assume 100% allocation Performance figures are hypothetical, based on current portfolio holdings/weights							
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Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.							

Manager Performance: Alternatives (2025-12-31)

Investment Manager	Allocation	Net IRR (%) for drawdown funds	1 Year	3 Years Annualized	5 Years Annualized
Alternative Investments	15.4%				
Partners Group PE (Master Fund)	3.6%	-	9.0%	8.0%	9.6%
Blackstone 2018 Alts Trust	2.2%	10.0%	-	-	-
Hamilton Lane Private Assets Fund	1.8%	-	14.3%	12.8%	16.0%
KKR 2016 Custom Equity Opps	1.0%	7.9%	-	-	-
Blackstone 2015 Alts Trust	0.8%	6.6%	-	-	-
Ares Strategic Income Fund	3.0%	-	9.3%	11.0%	-
Blackstone Real Estate Income Trust	1.5%	-	5.6%	2.7%	9.2%
AQR Diversifying Strategies Fund	1.5%	-	15.9%	12.7%	12.7%
Benchmarks		YTD	1 Year	3 Years	5 Years
HFRI FOF Diversified		9.4%	9.4%	8.1%	5.9%
<i>MSCI All Country World Index (Global Equity)</i>		22.4%	22.4%	20.7%	11.2%
<i>Russell 3000 (US All Cap)</i>		17.1%	17.1%	22.2%	13.1%
<i>S&P 500 (US Large Cap)</i>		17.9%	17.9%	23.0%	14.4%
<i>Russell 2000 (US Small Cap)</i>		12.8%	12.8%	13.7%	6.1%
<i>MSCI EAFE (International)</i>		31.2%	31.2%	17.2%	8.9%
<i>3-Month US T-Bill + 3% (Real Assets)</i>		7.2%	7.2%	7.8%	6.2%
<i>Merrill U.S. Broad Market Bond</i>		7.1%	7.1%	4.6%	-0.4%
ESG focused investments		Diverse-Owned Investment Manager			
<i>Alternative Investment & HFRI Index Returns as of 11/30/2025 Fund and ETF vehicle returns are sourced from FactSet</i>					
<i>Asset class returns have been adjusted to assume 100% allocation Performance figures are hypothetical, based on current portfolio holdings/weights</i>					
<i>Note that various factors, including unpriced securities and certain adjustments, holdings or activity, may cause report results to differ from actual performance. Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.</i>					

Manager Performance: ALA Endowment (Overall) (2025-12-31)

Portfolio / Benchmark	Weighting (%)	YTD	1 Year	3 Years	5 Years	10 YR
ALA Endowment (Net of Fees)	-	12.1%	12.1%	12.4%	7.4%	9.0%
Blended Index	100.0%	13.3%	13.3%	13.4%	7.1%	8.0%
<i>Russell 3000 TR</i>	40.0%	17.1%	17.1%	22.2%	13.1%	14.3%
<i>MSCI EAFE TR Net</i>	10.0%	31.2%	31.2%	17.2%	8.9%	8.2%
<i>BBG Barclays US Aggregate Bond</i>	30.0%	5.7%	5.7%	4.6%	-0.3%	2.0%
<i>HFRI FOF Diversified</i>	15.0%	9.4%	9.4%	8.1%	5.9%	4.8%
<i>ICE BofA 3-Month US Treasury Bill</i>	5.0%	4.2%	4.2%	4.8%	3.2%	2.2%

Source: Merrill CRC System

Alternative Investment & HFRI Index Returns as of 11/30/2025 | Asset class returns have been adjusted to assume 100% allocation | Performance figures are hypothetical, based on current portfolio holdings/weights

Note that various factors, including unpriced securities and certain adjustments, holdings or activity, may cause report results to differ from actual performance. Report results may also differ from results reported by other Merrill Lynch services. Past performance does not guarantee future results.

FY 2026: Communication

- Update all “ALA Endowment Informational Documents” ([Policy and Procedure Manual](#); [Fund Glossary of Terms](#); [Endowment FAQ](#); [Cost Structure Report](#); [Benefits Report](#))
- *American Libraries* (See [2025-10-17](#). Next update was submitted and is scheduled for 2026-02-09. Subsequent updates will follow each report to the Executive Board).



FY 2026: Collaboration

- Each Trustee met with ALA Development to help with fundraising
- Finance Committee (proposal)
- Long-Term Investment Funds: Use, Withdrawal, and Repayment
 - The Trustees consulted on and support EBD 13.3 the proposed changes to ALA Policy 13.4.1 (G).
 - ALA should not waive existing transfers with terms, and table extension discussion until 2029.
 - The Trustees oppose EBD 13.2. Now is not the time for ALA to authorize an additional transfer.

The Real Cost of Transfers

- The endowment is ALA's only permanent asset and can offset future operating costs in perpetuity.
- When donors want to give to the annual fund, they do. If they give to the endowment, they trust ALA to steward their legacy. If we do not earn that trust, they will entrust their legacy to other organizations.
- We have already cost ourselves over a million dollars in investment returns:
 - From 2020-09-30 to 2025-12-31, the endowment returned 53.5%. The \$1.5M would be \$2.3M
 - From 2021-08-31 to 2025-12-31, the endowment returned 24.7%. The \$1.5M would be \$1.87M.



Disclosures Follow

MERRILL INSTITUTIONAL CONSULTING

The American Library Association Endowment

Portfolio Update | January 9th, 2025

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Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Bonds are subject to interest rate, inflation and credit risks. Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in certain industries or sectors may pose additional risk due to lack of diversification and sector concentration. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risk related to renting properties, such as rental defaults. There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Sustainable and impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could

result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity, and your tolerance for risk.

Alternative investments are speculative and involve a high degree of risk.

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Equities - Investments in equities are subject to the risks of fluctuating stock prices, which can generate investment losses. Equities have historically been more volatile than alternatives such as fixed income securities. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Emerging markets bear similar but accentuated risks.

Exchange-Traded Funds (ETFs) - ETFs are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. **You should carefully consider the investment objectives, risks, charges, and expenses before investing in this product. This and other important information is included in the prospectus, which should be read carefully before investing.** Prospectuses can be obtained from your investment professional or through the investor's sign-in area of bankofamerica.com/investments.

Fixed Income - Fixed income investments fluctuate in value in response to changes in interest rates. Mortgage-backed securities are subject to credit risk and the risk that the mortgages will be prepaid, so that portfolio management may be faced with replenishing the portfolio in a possibly disadvantageous interest rate environment.

High yield - Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments.

Fund of Funds - As a "fund of funds" this Portfolio, as a shareholder of underlying mutual funds, will indirectly bear its pro rata share of the expenses incurred by the underlying funds.

Hedge Funds - An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage, and short sales which can magnify potential losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk.

International Equity - International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments.

Emerging markets - Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Mutual funds - The performance results reflect the funds' management and administrative fees but does not reflect any deduction of Investment Management and Trust fees that may be charged. **You should carefully consider a fund's investment objectives, risks, charges and expenses before investing. This and other important information is included in the fund's prospectus, which should be read carefully before investing.**

Private Equity - Investments in private equity involve a high degree of risk and therefore should only be undertaken by qualified investors whose financial resources are sufficient to enable them to assume these risks and to bear the loss of all or part of their investment. Investments in private equity include significant risks not otherwise present in public market investments. Furthermore, private equity investors are afforded less regulatory protections than investors in registered public securities.

Real Estate - Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risks related to renting properties, such as rental defaults.

Tangible assets - Investments in tangible assets are highly volatile and are speculative. There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes, and the impact of adverse political or financial factors.

Small/Mid Cap Equity - Stocks of small- and mid-cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Important Disclosure Information

Non-Traditional Mutual funds (NTMFs) are mutual funds and exchange-traded funds that are classified as alternative investments because their principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet their investment objectives. Though the portfolio holdings of NTMFs are generally made up of stocks and bonds, NTMFs may also hold other asset classes and may use short selling, leverage and derivatives. While the strategies employed by NTMFs are often used by hedge funds and other alternative investment vehicles, unlike hedge funds, NTMFs are registered with the SEC and thus subject to a more structured regulatory regime and offer lower initial and subsequent investment minimums, along with daily pricing and liquidity. While these investment vehicles can offer diversification within a relatively liquid and accessible structure, it is absolutely essential to understand that because of this structure, NTMFs may not have the same type of non-market returns as other investments classified as alternative investments (such as hedge funds) and thus may serve as an imperfect substitute for such other investment vehicles. The risk characteristics of NTMFs can be similar to those generally associated with traditional alternative investment products (such as hedge funds). No assurance can be given that the investment objectives of any particular alternative investment will be achieved. Like any investment, an investor can lose all or a substantial amount of his or her investment. In addition to the foregoing risks, each alternative investment vehicle is subject to its own varying degrees of strategy-specific or other risks. Whether a particular investment meets the investment objectives and risk parameters of any particular client must be determined case by case. Clients must carefully review the prospectus or offering materials for any particular fund/pooled vehicle and consider their ability to bear these risks before any decision to invest.

There may be conflicts of interest relating to a mutual fund(s) or an alternative investment product(s) and its service providers, including Bank of America Corporation, and its affiliates, who are engaged in businesses and have clear interests other than that of managing, distributing and otherwise providing services to the mutual fund or alternative investment. These activities and interests include potential multiple advisory, transactional and financial and other interests in securities and instruments that may be purchased or sold by the mutual fund or alternative investment, or in other investment vehicles that may purchase or sell such securities and instruments. These are considerations of which investors in the mutual fund or alternative investment should be aware.

Investors should bear in mind that the global financial markets are subject to periods of extraordinary disruption and distress. During the financial crisis of 2008-2009, many private investment funds incurred significant or even total losses, suspended redemptions, or otherwise severely restricted investor liquidity, including increasing the notice period required for redemptions, instituting gates on the percentage of fund interests that could be redeemed in any given period and creating side pockets and special-purpose vehicles to hold illiquid securities as they are liquidated. Other funds may take similar steps in the future to prevent forced liquidation of their portfolios into a distressed market. In addition, investment funds implementing alternative investment strategies are subject to the risk of ruin and may become illiquid under a variety of circumstances, irrespective of general market condition.

Impact investing and/or Environmental, Social and Governance (ESG): Impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values-based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

Nonfinancial assets—Nonfinancial assets, such as closely-held businesses, real estate, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not suitable for all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.