WELLS FARGO
Investment Institute

2020 **Outlook**
A Call for Resilience

January 2020

Investment and Insurance Products: ▸ NOT FDIC-Insured ▸ NO Bank Guarantee ▸ MAY Lose Value

2020 Economy and Markets

Wells Fargo Investment Institute (WFII) 2020 Forecasts*:

We expect a modest slowdown in U.S. economic growth and continued mild inflation.

Growth		Inflation and Employment	
U.S. GDP	1.8%	U.S. Inflation **Consumer Price Index (CPI)**	2.2%
Global GDP	3.0%	U.S. Unemployment	3.6%
DM GDP Growth	1.6%	DM Inflation	1.9%
EM GDP Growth	4.0%	EM Inflation	4.6%

Sources: Wells Fargo Securities Economics Group, Bloomberg, and Wells Fargo Investment Institute, December 2, 2019. Wells Fargo Investment Institute forecast and targets are based on certain assumptions and on our current views of market and economic conditions, which are subject to change. GDP = gross domestic product. DM developed market; EM: emerging market; GDP: gross domestic product.

*Note: All economic forecasts in this presentation are provided by Wells Fargo Securities Economics Group.

WFII 2020 Forecasts:

We believe the 10-year U.S. bull market and low-yield environment are likely to remain intact.

Equity markets	
Large Cap	3,200-3,300
Mid Cap	2,380-2,480
Small Cap	1,580-1,680
DM ex U.S.	1,980-2,080
EM	1,080-1,180

Yields and currencies	
10-Yr Treasury	1.25-1.75%
30-Yr Treasury	1.75-2.25%
Fed funds rate	1.25-1.50%
Euro (Dollars per euro)	$1.11-$1.19
Yen (Yen per dollar)	¥99-¥109

Sources: Bloomberg and Wells Fargo Investment Institute, December 2, 2019. Wells Fargo Investment Institute forecast and targets are based on certain assumptions and on our current views of market and economic conditions, which are subject to change.

Global Economy

Global economy

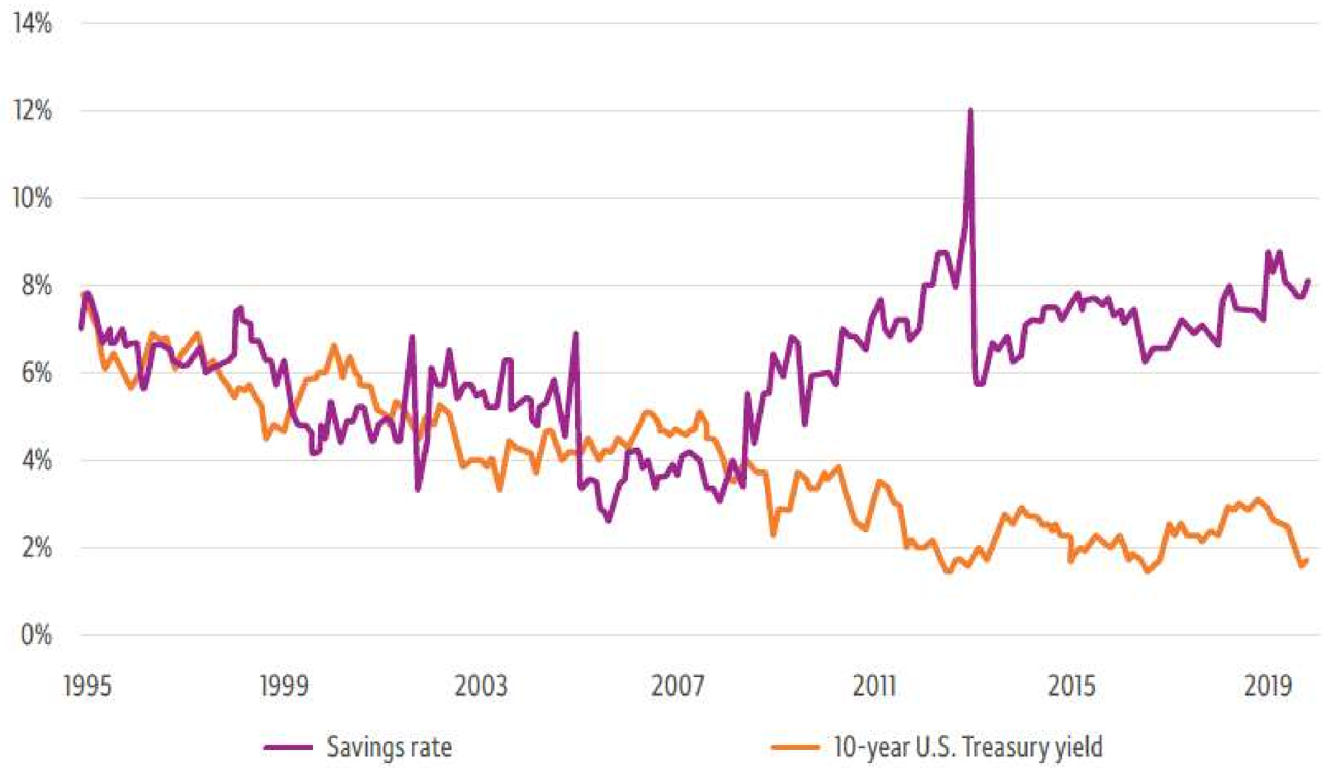
Slowing growth, geopolitical risks

Another test of the global economy's resilience in 2020

- We expect economic growth to slow and inflation to remain low for the U.S. and the largest international economies. Global growth may show little improvement in 2020.*
- The U.S. dollar could depreciate moderately versus other emerging market and developed market currencies.
- The main risks are political and binary: trade-dispute escalation could incite recession, or receding trade disputes could make monetary stimulus more effective.
- The risk of a sharp move in the U.S. dollar or in global economic growth remains uncommonly elevated.

*All economic forecasts in this presentation are provided by Wells Fargo Securities Economics Group.

Cautious households have saved more even as interest rates fall



Sources: Bloomberg and Wells Fargo Investment Institute, as of October 2019. The savings rate is the monthly U.S. personal savings as a percent of personal income after taxes. The 10-year U.S. Treasury yield is a monthly average of daily rates, in percent.

Risks to continued economic growth

Risk levels of indicators that could signal an economic downturn

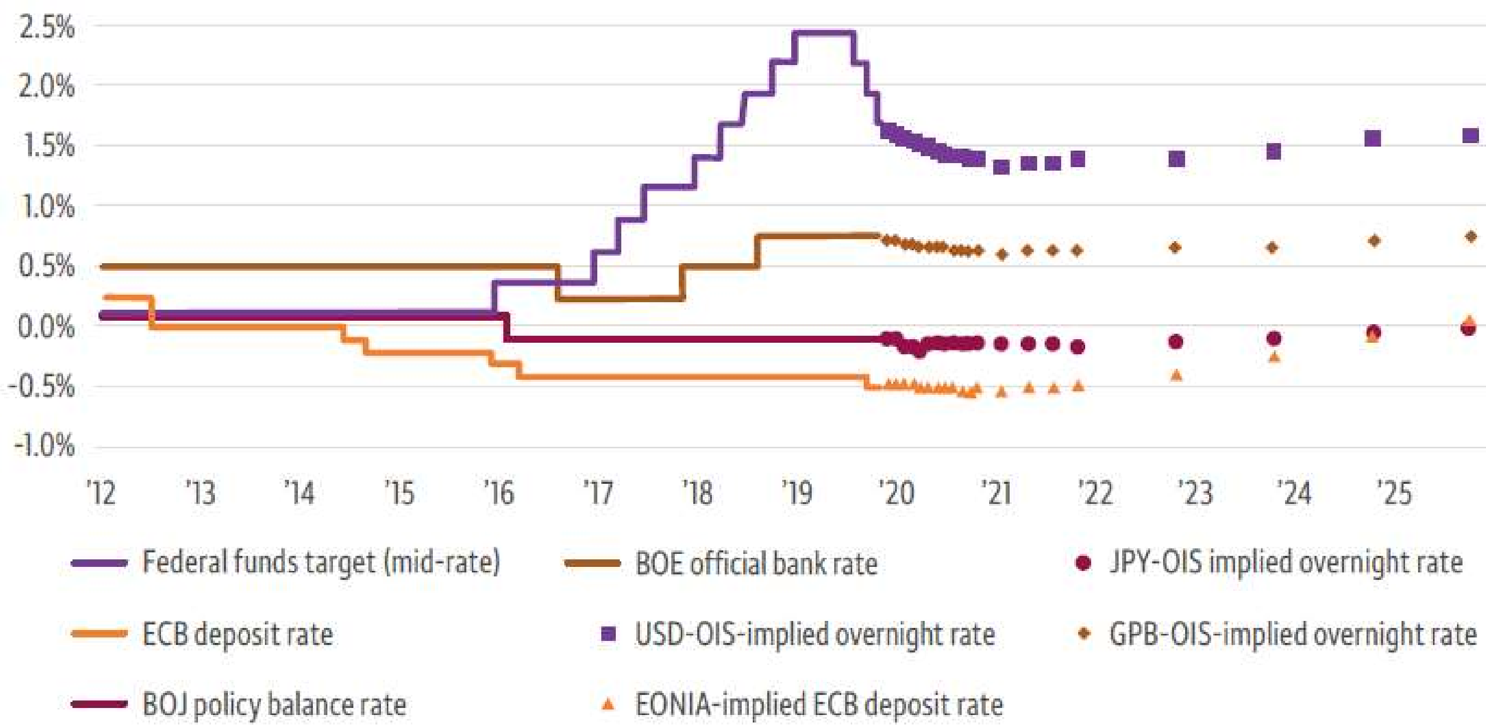
High

- Yield-curve inversion
- U.S. and international political disruption

Moderate

- High-yield corporate debt spreads
- Household and corporate debt levels
- Federal Reserve monetary policy
- The Conference Board Leading Economic Index®

Support for the U.S. dollar should remain but may weaken in 2020.



Sources: Bloomberg and Wells Fargo Investment Institute, as of November 1, 2019. Policy-rate expectations are derived from the overnight index swaps (OIS) market. An overnight index swap is an interest rate swap involving the overnight rate being exchanged for a fixed interest rate. ECB = European Central Bank. BOJ = Bank of Japan. BOE = Bank of England. USD = U.S. dollar. EONIA = Euro overnight index average. JPY = Japanese yen. GBP = British pound sterling. Please see end of this presentation for important notes, definitions, and risk considerations.

Global Equities

Solid fundamentals but greater uncertainty

We expect resilient U.S. equities and favor U.S. large caps over U.S. small caps.

- Our low-return outlook for U.S. equity markets indicates that the 10-year U.S. bull market is likely to remain intact but slow in 2020.
- We are neutral on U.S. and international equity classes, aside from our unfavorable view on U.S. small-cap equities.
- If geopolitical tensions ease, the valuations on international equity markets may rise and improve their outlook.

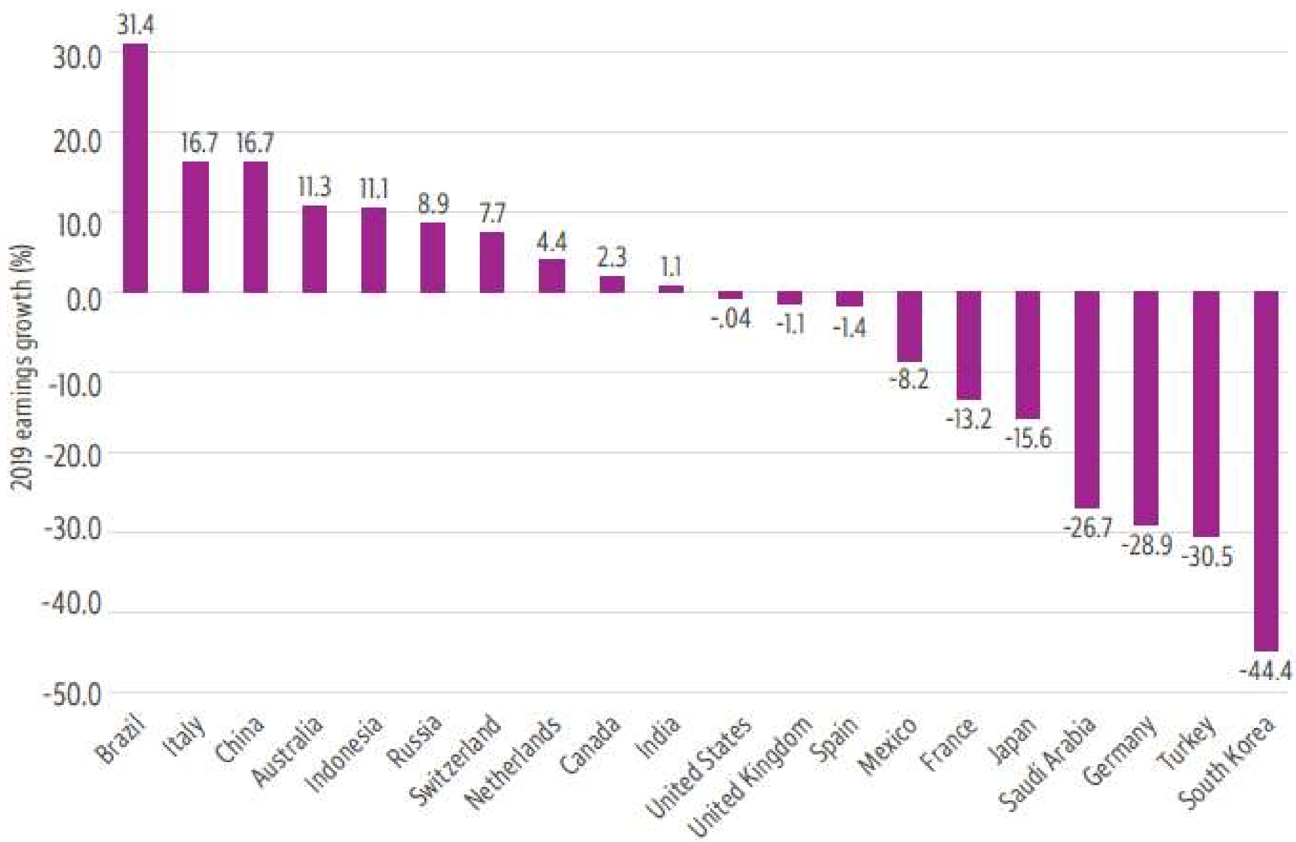
Favored asset class

- High-quality U.S. Large Cap Equities

Favored equity sectors

- Information Technology
- Consumer Discretionary
- Financials

Policy and politics drive the widening international EPS divergence



Sources: Wells Fargo Investment Institute and FactSet, as of November 4, 2019. Note: Earnings per share (EPS) for each country uses the MSCI country index, except for the U.S., which uses the S&P 500 Index for EPS metrics.

Global Fixed Income

Finding opportunities amid historically low yields

Opportunities as the Fed ends its rate cuts

- We expect the Fed to take a more wait-and-see approach to monetary policy in 2020.
- The low-yield environment may encourage income-oriented investors to take increased risks. We suggest that investors fully understand the risks associated with lower-rated fixed-income securities.
- We expect U.S. rates to decline modestly from current levels and believe investors should consider shifting out on the maturity spectrum to add intermediate maturities.
- We prefer higher-quality fixed-income issues.

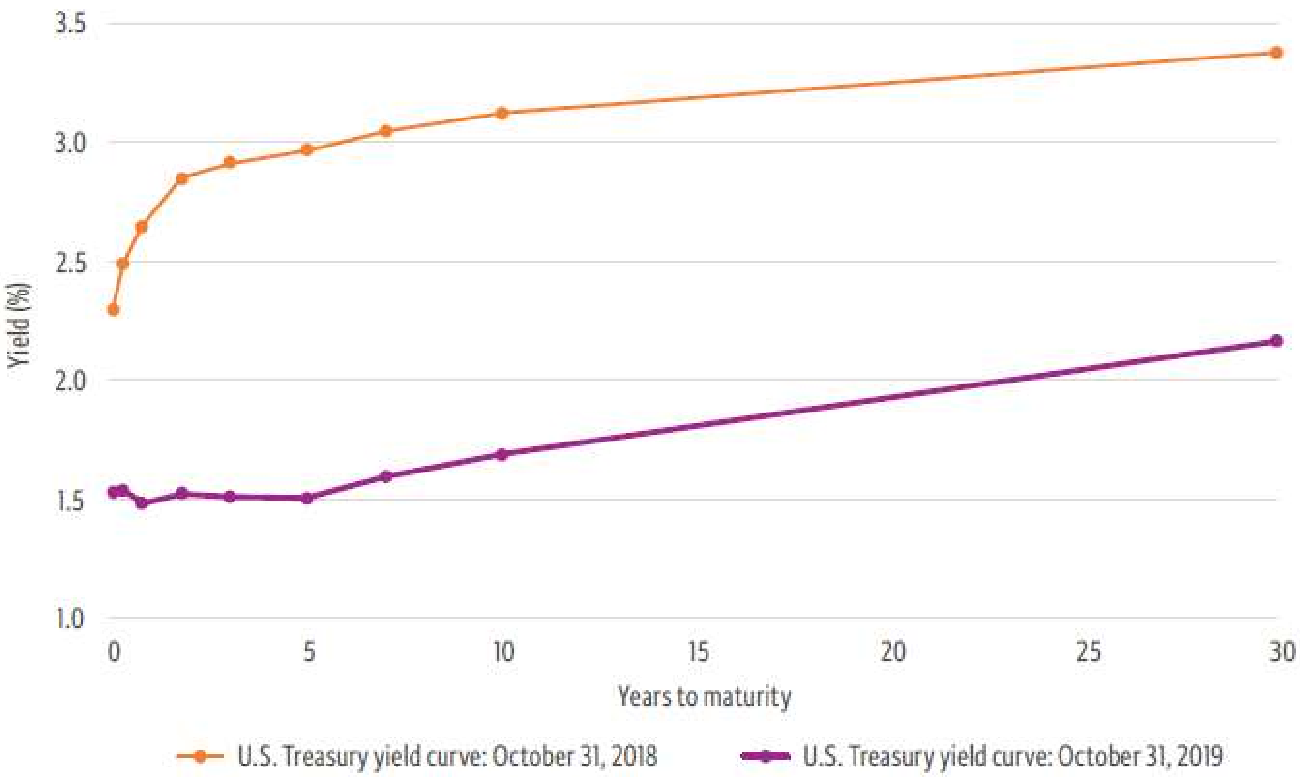
Favored asset class

- U.S. Taxable Investment Grade Fixed Income
  - U.S. Short Term Taxable
  - U.S. Intermediate Term Taxable

Favored fixed-income sectors

- U.S. Investment Grade Credit
- Preferred Securities
- Residential Mortgage-Backed Securities

The Treasury yield curve shape in late 2019 signaled potential issues ahead



Sources: Bloomberg and Wells Fargo Investment Institute, as of November 1, 2019. Daily U.S. Treasury yield curve. Yields fluctuate as market conditions change. A yield curve is a curve on a graph in which the yield of fixed-interest securities is plotted against the length of time until maturity. Please see end of this presentation for important notes, definitions, and risk considerations.

Global Real Assets

Bright spots amid a neutral overall outlook

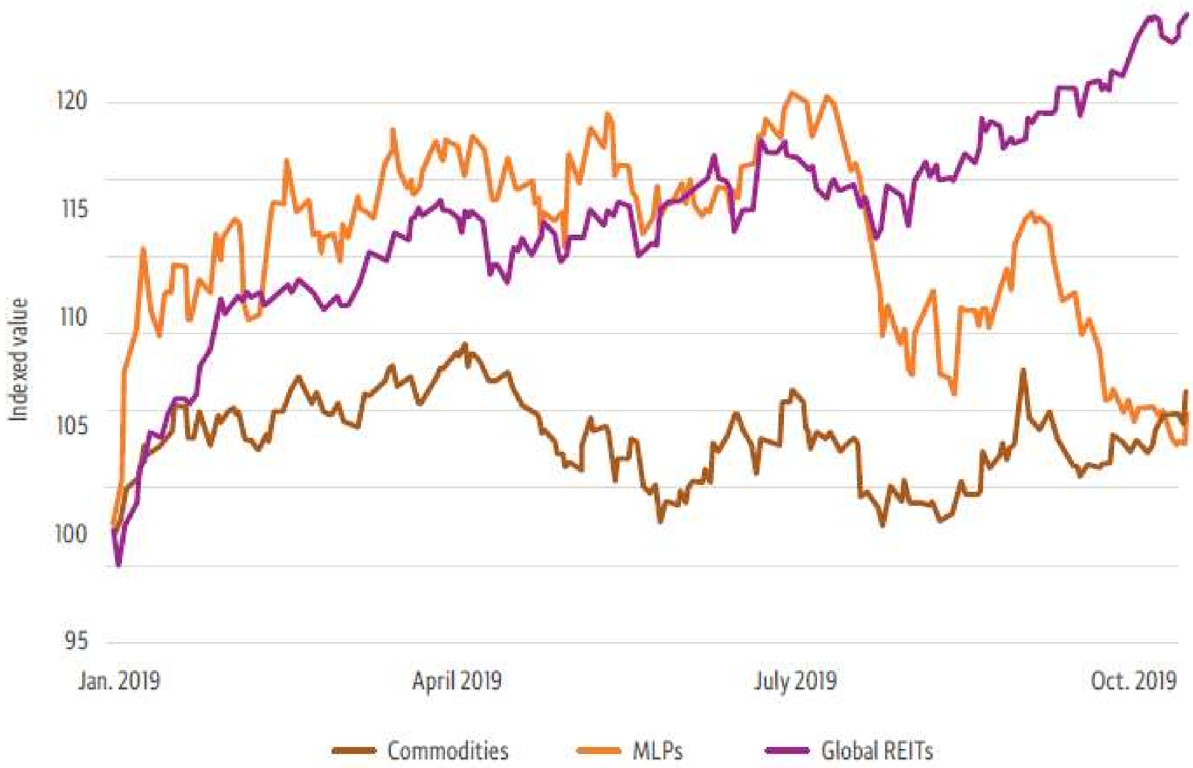
In 2020—it's the economy

- Our 2020 forecast is for commodity prices to rebound slightly, after mixed performance in 2019.
- Master limited partnerships (MLPs) currently remain very cheap relative to other high-yielding categories, and fundamentals appear solid.
- Real estate investment trusts (REITs) may face headwinds that leave us neutral.
- We expect MLPs should be the best performer in real assets, followed by commodities in general, and global REITs. We believe that gold prices will rally but not as strongly as in 2019.
- We believe oil has some upside potential as U.S. crude production growth slows and global geopolitics remain volatile.

Favored real assets

- MLPs
- Private Real Estate: Opportunistic

MLP underperformance may offer an opportunity to add exposure



Sources: Bloomberg and Wells Fargo Investment Institute, as of November 1, 2019. Indexed to 100 as of January 1, 2019. Commodities are represented by the Bloomberg Commodity Index. Master limited partnerships (MLPs) are represented by the Alerian MLP Index. Global REITs are represented by the FTSE EPRA/NAREIT Developed Index. Each index represents total returns. Index returns do not represent investment 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 deductions for fees, expenses, or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. **Hypothetical and past performance is no guarantee of future results.** Please see the end of this presentation for the definitions of indices and descriptions of asset-class risks.

Global Alternative Investments

Slower growth could put a spotlight on alternatives

Global alternatives merit consideration in an aging economic expansion

- We have reduced our cyclical view for Relative Value to neutral and upgraded our view of Trend Following Macro strategies to neutral.
- We prefer Private Capital strategies focused on Asia, secondary transactions, direct lending and origination.
- Several tailwinds supporting asset prices may be dissipating, which could underscore the importance of alternative investments in meeting long-term investment objectives.
- We prefer Hedge Fund strategies that do not rely on market direction, and we anticipate opportunities for several niche Private Capital strategies.

Favored private capital strategies

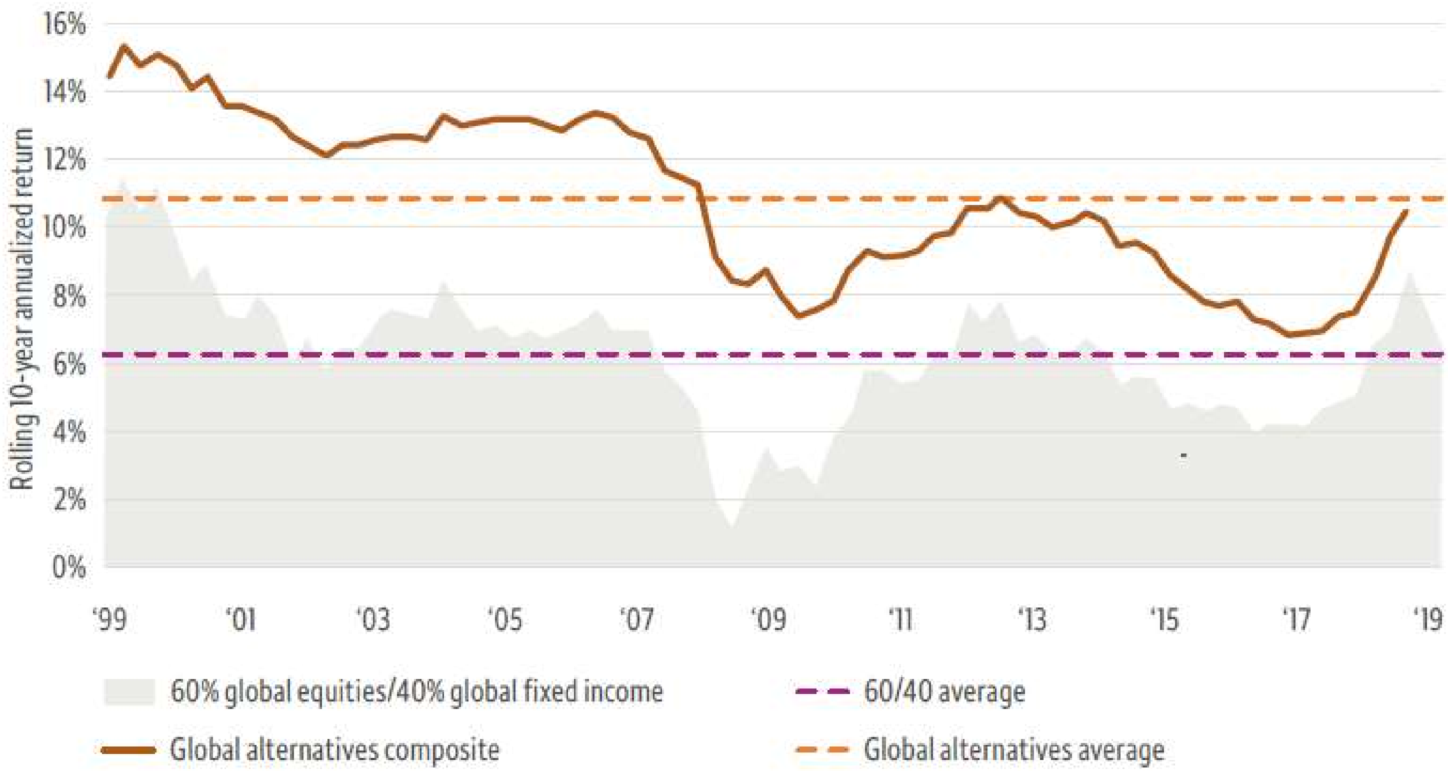
- Private Debt: Distressed
- Private Equity: Secondaries

Favored hedge fund strategies

- Equity Hedge
- Event Driven: Distressed
- Macro: Discretionary

Alternative investments, such as hedge funds and private capital/private debt strategies, are not suitable for all investors. Any offer to purchase or sell a specific alternative investment product will be made by the product's official offering documents. Investors could lose all or a substantial amount investing in these products. Some alternative strategies may expose investors to risks such as short selling, leverage risk, counterparty risk, liquidity risk and commodity price volatility risk. In addition, alternative strategies engage in derivative transactions. 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. Derivatives generally have implied leverage and may entail other risks such as liquidity and interest rate and credit risks. Successful hedging strategies may require the anticipation of future movements in securities prices, interest rates and other economic factors. No assurance can be given that such judgments will be correct.

Meeting long-term objectives could become more difficult



Sources: Bloomberg and Wells Fargo Investment Institute, as of September 30, 2019. Benchmarks for the 60% global equities/40% global fixed income portfolio are 60% MSCI World Total Return Index and 40% Bloomberg Barclays Global Aggregate Bond Index. The global alternatives composite is represented by 25% HFRI Fund Weighted Composite Index, 25% Cambridge Associates U.S. Private Equity Index, 25% NCREIF Property Index, and 25% ILPA Private Credit Index. Index returns do not represent investment 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 deductions for fees, expenses, or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. **Hypothetical and past performance is no guarantee of future results.** Please see Notes at the end of this presentation for the composition of the portfolio, definitions of indices, and descriptions of asset-class risks.

Portfolio implementation

Tilt away from higher-risk asset classes

1. Cash has a place in a portfolio
2. Focus on quality
3. Go beyond traditional fixed income for yield
4. Defense can be a good offense
5. Focus on longer-term diversification, as shorter periods are likely to be volatile

Annual returns of a portfolio are more volatile than 10-year returns

Sources: Morningstar Direct and Wells Fargo Investment Institute. Data from December 31, 1989, to December 31, 2018
Four-asset-group moderate growth and income portfolio: 3% Bloomberg Barclays U.S. Treasury Bills (1–3 Month) Index, 16% Bloomberg Barclays U.S. Aggregate 5–7 Year Bond Index, 6% Bloomberg Barclays U.S. Aggregate 10+ Year Bond Index, 6% Bloomberg Barclays U.S. Corporate High Yield Bond Index, 5% JPM EMBI Global Index, 20% S&P 500 Index, 10% Russell Mid Cap Index, 8% Russell 2000 Index, 6% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 3% HFRI Relative Value Index, 6% HFRI Macro Index, 4% HFRI Event Driven Index, 2% HFRI Equity Hedge Index. Performance results for the Moderate Growth and Income Four-Asset Group portfolio model are hypothetical and for illustrative purposes only. Index returns do not represent investment 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 deductions for fees, expenses, or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. **Hypothetical and past performance is no guarantee of future results.** Please see the end of this presentation for the definitions of indices and descriptions of asset-class risks

2020 Focus themes

2020 Focus theme

Environmental, social, and corporate governance (ESG) investing

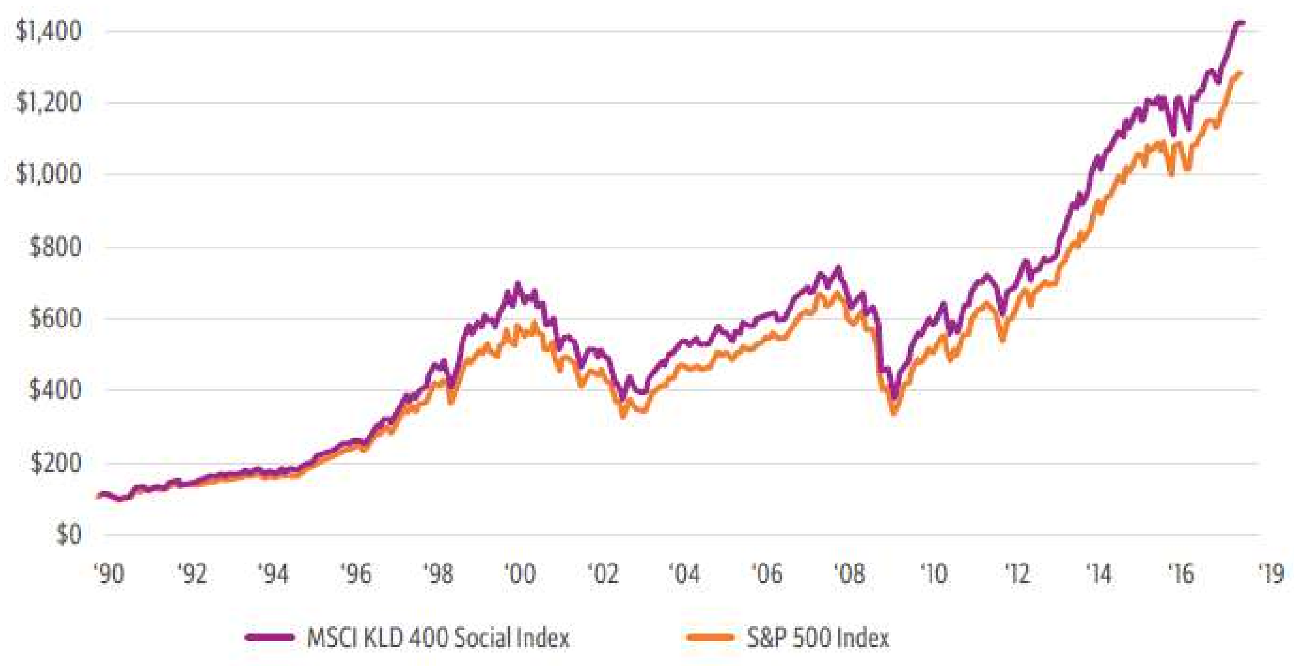
Key questions we will address in this report

- What is ESG or “responsible” investing?
- How large is the ESG-driven market today?
- What factors are driving demand for responsible investment strategies?
- How might a responsible investing approach affect a portfolio’s return potential?

This report will be available in Spring 2020.

ESG trends—investing with a purpose

Responsible and traditional investment strategies have performed similarly



Source: Bloomberg, December 31, 2018. Monthly data from April 30, 1990, to September 30, 2019. Assumes $100 was invested on April 30, 1990. For illustrative purposes only.
Returns do not represent investment 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 deductions for fees, expenses, or taxes applicable to an actual investment. An index is unmanaged and not available for direct investment. **Hypothetical and past performance is no guarantee of future results.** Please see Notes at the end of this report for the composition of the portfolio, definitions of indices, and descriptions of asset-class risks.

2020 Focus theme

Guide to the 2020 elections

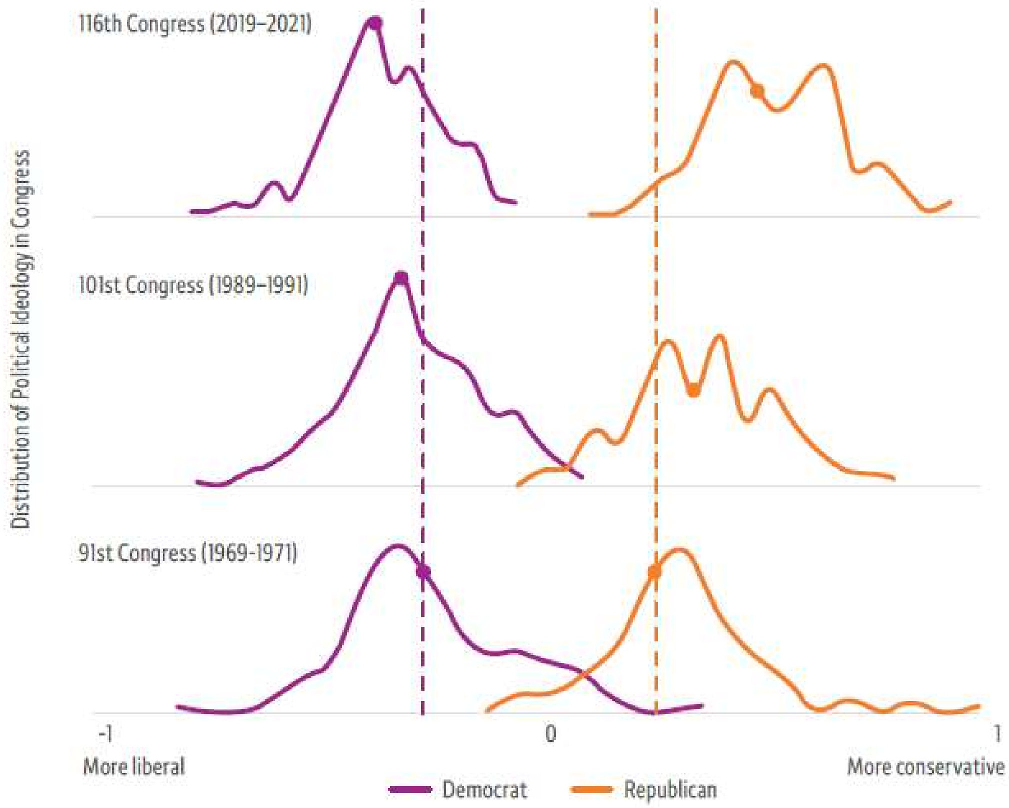
Key questions we will address in this report

- What should investors pay attention to during the presidential debates?
- How might political parties' positions on the issues affect our asset-class and equity sector ratings?
- Should voters rely on opinion polls? What role might big data and social media play in determining polling results and voter turnout?
- Is a single party likely to dominate in races across the Senate, the House, and the White House?

A series of reports throughout the year will cover election insights and potential market impacts.

2020 Focus theme

Political polarization: Politics and populism



Sources: Jeffrey B. Lewis, Keith Poole, Howard Rosenthal, Adam Bache, Aaron Rudkin, and Luke Sonne (2018). Voteview: Congressional Roll-Call Votes Database https://voteview.com/.

Note: Dashed line represents 91st Congress party median. Dot represents party median. For each time period shown, the distributions reflect the correlation between a congressional member's vote and the position of the member's party leadership, issue by issue and for all members of Congress that caucus with the Democrats and the Republicans.

Appendix

Definitions

The **Alerian MLP Index** is a float-adjusted, capitalization-weighted index, whose constituents represent approximately 80% of total float-adjusted market capitalization, and is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Bloomberg Barclays 1–3 Month Treasury Bill Index** includes all publicly issued zero-coupon U.S. Treasury bills that have a remaining maturity of less than three months and more than one month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and nonconvertible.

The **Bloomberg Barclays U.S. Aggregate 5–7 Year Bond Index** is unmanaged and is composed of the Bloomberg Barclays U.S. Government/Credit Index and the U.S. Mortgage-Backed Securities Index and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of five to seven years.

The **Bloomberg Barclays U.S. Aggregate 10+ Year Bond Index** is unmanaged and is composed of the Bloomberg Barclays U.S. Government/Credit Index and the U.S. Mortgage-Backed Securities Index and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 10 years or more.

The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** covers the universe of fixed-rate, non-investment-grade debt.

The **Bloomberg Commodity Index** is a broadly diversified index composed of 22 exchange-traded futures on physical commodities and represents 20 commodities weighted to account for economic significance and market liquidity.

The **Cambridge Associates LLC U.S. Private Equity Index** uses a horizon calculation based on data compiled from 1,334 U.S. private equity funds (buyout, growth equity, private equity, energy, and mezzanine funds), including fully liquidated partnerships, formed between 1986 and 2016.

The **Conference Board's Leading Economic Index** (LEI) is a composite average of ten leading indicators in the US. It one of the key elements in the Conference Board's analytic system, which is designed to signal peaks and troughs in the business cycle.

The **FTSE EPRA/NAREIT Developed Index** is designed to track the performance of listed real estate companies and REITs in developed countries worldwide.

The **HFRI Equity Hedge Index** is managed by maintaining positions both long and short in primarily equity and equity derivative securities.

The **HFRI Event Driven Index** is managed by maintaining positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.

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 US Dollar 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.

The **HFRI Macro Index** is managed by trading a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods.

The **HFRI Relative Value Index** is managed by maintaining positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types.

The **ILPA (Institutional Limited Partners Association) Private Credit Fund Index** is a horizon calculation based on data compiled from 269 private credit funds (credit opportunities and subordinated capital funds), including fully liquidated partnerships, formed between 1986 and 2017.

The **J.P. Morgan Emerging Market Bond Index Global** (EMBI Global) currently covers 27 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

Definitions (continued)

Developed Market Ex. U.S. Equities. The **MSCI EAFE Index** is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

Emerging Market Equities. The **MSCI Emerging Markets Index** is a free-float-adjusted market-capitalization-weighted index that is designed to measure equity market performance of emerging markets.

The **MSCI Japan Index** is designed to measure the performance of the large- and mid-cap segments of the Japanese market. With 321 constituents, the index covers about 85% of the free float-adjusted market capitalization in Japan.

The **MSCI KLD 400 Social Index** includes 400 companies with high ESG ratings relative to the constituents in the MSCI USA Investable Market Index, while maintaining sector weights similar to the MSCI USA Investable Market Index. The index excludes companies with significant business activities involving alcohol, tobacco, firearms, gambling, nuclear power, or military weapons.

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.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

The **NCREIF Property Index** provides a historical measurement of property-level returns to increase the understanding of, and lend credibility to, real estate as an institutional investment asset class. The NPI goes back to Fourth Quarter 1977 and is comprised exclusively of operating properties acquired, at least in part, on behalf of tax-exempt institutions and held in a fiduciary environment.

U.S. Mid Cap Equities. The **Russell Midcap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index.

U.S. Small Cap Equities. 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.

U.S. Large Cap Equities. The **S&P 500 Index** is an unmanaged index generally considered representative of the U.S. stock market.

Risk considerations

Forecast and targets are based on certain assumptions and on our current views of market and economic conditions, which are subject to change.

All investing involves risks, including the possible loss of principal. There can be no assurance that any investment strategy will be successful and meet its investment objectives. Investments fluctuate with changes in market and economic conditions and in different environments due to numerous factors, some of which may be unpredictable. Asset allocation and diversification do not guarantee investment returns or eliminate risk of loss. Each asset class has its own risk and return characteristics, which should be evaluated carefully before making any investment decision. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. Some of the risks associated with the representative asset classes include:

General market risks

Stock markets, especially foreign markets, are volatile. A stock's value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. International investing has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. These risks are heightened in emerging markets. Investing in small- and mid-cap companies involves additional risks, such as limited liquidity and greater volatility.

Investments in fixed-income securities, including municipal securities, are subject to market, interest rate, credit, liquidity, inflation, prepayment, extension, and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in a decline in the bond's price. High-yield fixed-income securities are considered speculative, involve greater risk of default, and tend to be more volatile than investment-grade fixed-income securities. Municipal securities may also be subject to the alternative minimum tax and legislative and regulatory risk, which is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income. If sold prior to maturity, fixed-income securities are subject to market risk. All fixed-income investments may be worth less than their original cost upon redemption or maturity.

Similar to bonds, preferred securities are interest rate sensitive. Their dividends are not guaranteed and are subject to change. Some preferred securities include a call provision, which may negatively affect the return of the security. A prerefunded bond is a callable bond collateralized by high-quality securities, typically Treasury issues. U.S. government securities are backed by the full faith and credit of the federal government as to payment of principal and interest if held to maturity. Although free from credit risk, they are subject to interest rate risk. Mortgage-related and asset-backed securities are subject to prepayment and call risks in addition to the risks of investing in debt securities. Call risk is the risk that the issuer will redeem the issue prior to maturity. This may result in reinvestment risk, which means the proceeds will generally be reinvested in a less favorable environment. Changes in prepayments may significantly affect yield, average life, and expected maturity.

Sustainable investing focuses on companies that demonstrate adherence to environmental, social and governance principles, among other values. There is no assurance that social impact can be an effective strategy under all market conditions. Different investment styles tend to shift in and out of favor. In addition, a fund's social policy could cause it to forgo opportunities to gain exposure to certain industries, companies, sectors or regions of the economy which could cause it to underperform similar portfolios that do not have a social policy. In addition, there can be no guarantee that the companies invested in by a fund will exhibit positive or favorable ESG characteristics.

Sector investing

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. **Communication services** companies are vulnerable to their products and services becoming outdated because of technological advancement and the innovation of competitors. Companies in the communication services sector may also be affected by rapid technology changes; pricing competition, large equipment upgrades, substantial capital requirements and government regulation and approval of products and services. In addition, companies within the industry may invest heavily in research and development which is not guaranteed to lead to successful implementation of the proposed product. Risks associated with the **Consumer Discretionary** sector include, among others, apparel price deflation due to low-cost entries, high inventory levels and pressure from e-commerce players; reduction in traditional advertising dollars, increasing household debt levels that could limit consumer appetite for discretionary purchases, declining consumer acceptance of new product introductions, and geopolitical uncertainty that could affect consumer sentiment. **Consumer Staples** industries can be significantly affected by competitive pricing particularly with respect to the growth of low-cost emerging market production, government regulation, the performance of the overall economy, interest rates, and consumer confidence. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in the **Financial services** companies will subject a investment to adverse economic or regulatory occurrences affecting the sector. Some of the risks associated with investment in the **Health Care** sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market. There is increased risk investing in the **Industrials** sector. The industries within the sector can be significantly affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. **Materials** industries can be significantly affected by the volatility of commodity prices, the exchange rate between foreign currency and the dollar, export/import concerns, worldwide competition, procurement and manufacturing and cost containment issues. **Real estate** investments have special risks, including possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Risks associated with the **Technology** sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks smaller, less-seasoned companies, tend to be more volatile than the overall market. **Utilities** are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

Risk considerations (continued)

Alternative investments

Alternative investments, such as hedge funds, private equity/private debt, and private real estate funds, are speculative and involve a high degree of risk that is suitable 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. They entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, and less regulation and higher fees than mutual funds. Hedge fund, private equity, private debt, and private real estate fund investing involve other material risks, including capital loss and the loss of the entire amount invested. A fund's offering documents should be carefully reviewed prior to investing.

Private debt strategies seek to actively improve the capital structure of a company, often through debt restructuring and deleveraging measures. Such investments are subject to potential default, limited liquidity, the creditworthiness of the private company, and the infrequent availability of independent credit ratings for private companies. Investing in distressed companies is speculative and involves a high degree of risk. Because of their distressed situation, these securities may be illiquid, have low trading volumes, and be subject to substantial interest rate and credit risks. Private capital investments are complex, speculative investment vehicles not suitable for all investors. They are not subject to the same regulatory requirements as registered investment products and engage in leverage and other aggressive investment practices. There is often limited (or even non-existent) liquidity and a lack of transparency regarding the underlying assets.

Hedge fund strategies, such as Arbitrage, Event Driven, Equity Hedge, Relative Value, Structured Credit, Long/Short Credit, and Discretionary Macro, may expose investors to the risks associated with the use of short selling, leverage, derivatives, and arbitrage methodologies. Short sales involve leverage and theoretically unlimited loss potential because the market price of securities sold short may continuously increase. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. Derivatives generally have implied leverage, which can magnify volatility and may entail other risks, such as market, interest rate, credit, counterparty, and management risks. Private capital investments are complex, speculative investment vehicles not suitable for all investors. They are not subject to the same regulatory requirements as registered investment products and engage in leverage and other aggressive investment practices. There is often limited (or even non-existent) liquidity and a lack of transparency regarding the underlying assets.

Real assets

Real assets are subject to the risks associated with real estate, commodities, MLPs, and other investments and may not be suitable for all investors.

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