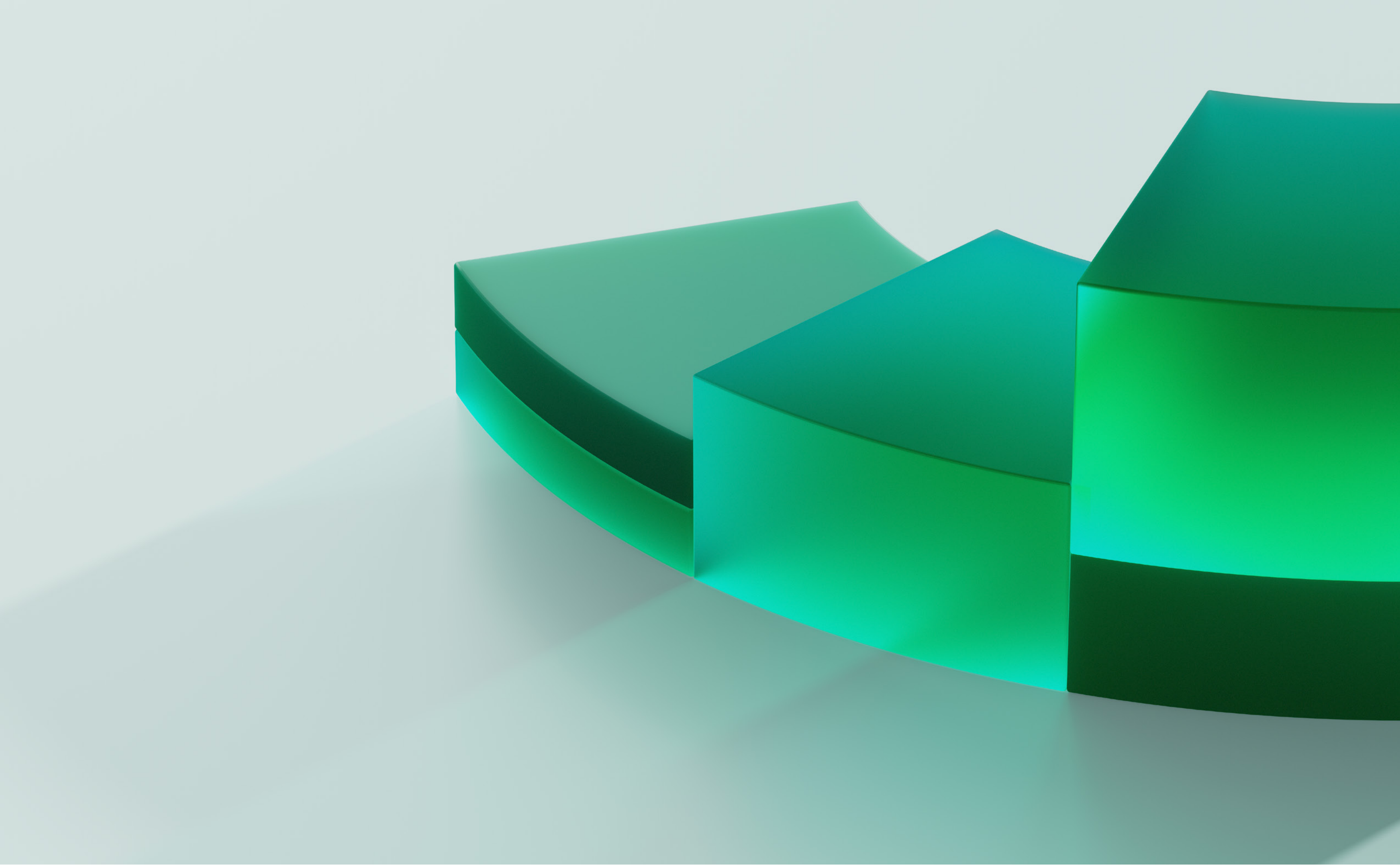


Know your Alternatives

J.P.Morgan
ASSET MANAGEMENT

What are alternatives?

Alternative investments are flexible, unconstrained strategies that use non-traditional approaches to invest in both public and private markets. Alternative strategies such as real estate, real assets, private equity, private credit or hedge funds can provide an attractive source of alpha, income, and diversification to complement traditional stock/bond portfolios.

There are a wide range of alternative asset classes, each with their own benefits and risks, so alternatives should not be treated as a single portfolio building block. Instead, investors can work with experienced managers to find the right alternative strategy or blend of strategies to meet their portfolio needs.

How alternatives can AID your portfolio:

Rethinking diversification

Investment strategies that worked in the past may not get investors to where they want to be in the future.

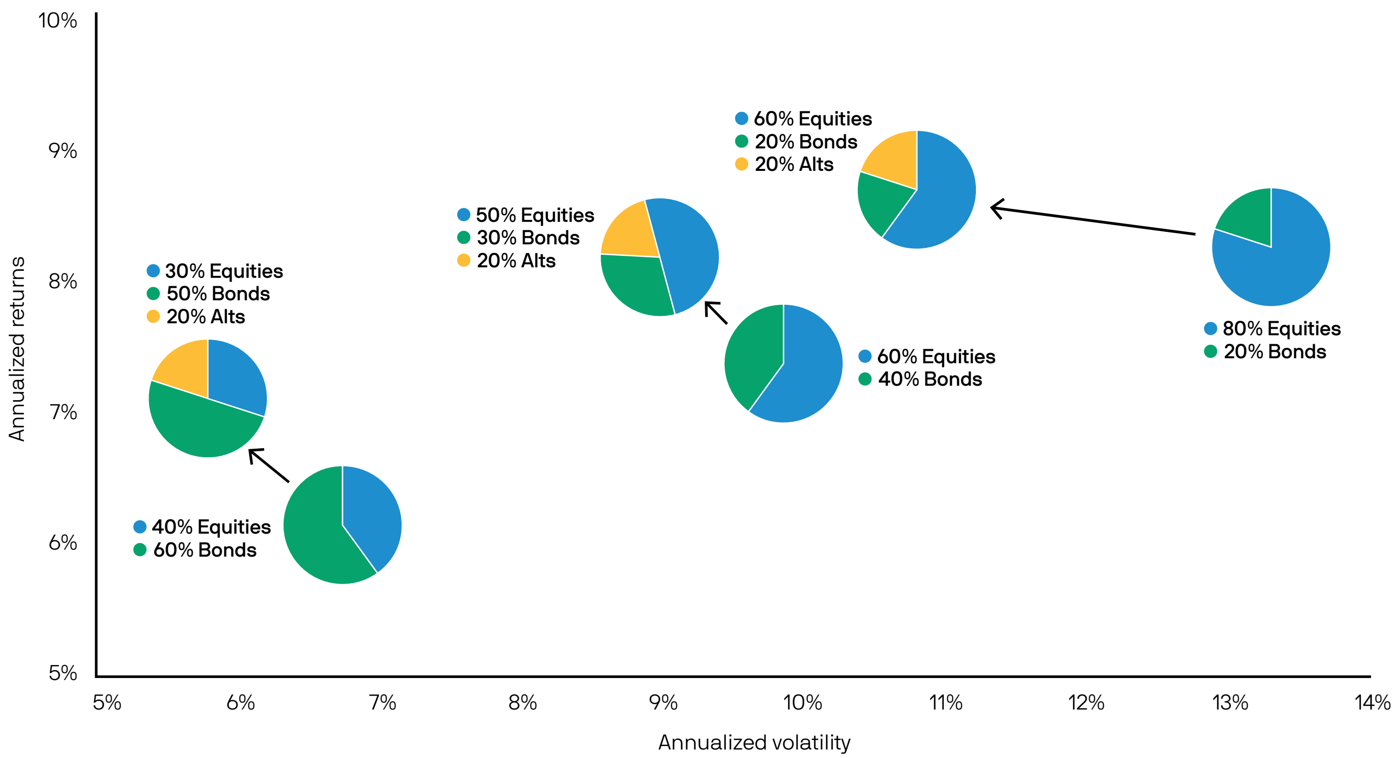
Challenges in public markets have continued, creating a need for alternative sources of alpha, income, and diversification. Adding alternatives could help. Over the long term, through diverse market conditions, an allocation to alternatives has demonstrated the ability to improve risk/ return vs. traditional equity/bond portfolios.

Therefore, investors may need to look beyond the traditional 60:40 equity/bond portfolio to help them manage volatility and achieve real diversification.

Adding alternatives could help. Over the long term, through diverse market conditions, an allocation to alternatives has demonstrated the ability to improve risk/ return vs. traditional equity/bond portfolios.

Alternatives and portfolio risk/return

Annualized volatility and returns, 1Q98 – 4Q24



Source: Bloomberg, Burgiss, FactSet, NCREIF, PivotalPath, Standard & Poor's, J.P. Morgan Asset Management. The alternatives allocation includes hedge funds, real estate, and private equity, with each receiving an equal weight. Portfolios are rebalanced at the start of the year. Equities are represented by the S&P 500 Total Return Index. Bonds are represented by the Bloomberg U.S. Aggregate Total Return Index. Volatility is calculated as the annualized standard deviation of quarterly returns. Data are based on availability as of May 31, 2025.

Finding the right alternative solution

How can you choose from the many alternative solutions that are available?

Aligning benefits with needs

Broadly speaking, alternative asset classes can be grouped into strategies that can generate "alpha" – enhanced returns; "income" – enhanced income relative to public markets; and "diversification" – low correlation to traditional public markets. Within these categories, each asset class has its own particular benefits and can serve different roles in a portfolio.

For example, an investor seeking income could consider an allocation to core real estate or core private credit, while an investor concerned about market volatility could consider an allocation to sources of diversification, such as hedge funds, which can diversify existing holdings and provide a cushion against volatility.

Understanding the risks

Each set of benefits comes with an associated set of risks, which can differ significantly from the risks of investing in traditional assets. For example, many alternative investments are less liquid than traditional investments—but for investors with long investment horizons, it may be worth accepting these risks to gain the associated benefits.

It's therefore important to understand the specifics of each alternative asset class and find the right mix for your own portfolio.

Alternatives as sources of alpha, income and diversification

● High ◐ Medium ○ Low

Alternatives category	Alpha	Income	Diversification
Real estate	◔	◕	●
Private equity	●	○	○
Private credit			
Core	◔	●	◕
Distressed	◕	◔	○
Infrastructure	◔	◕	●
Transportation	◔	◕	●
Timber	◔	◕	●
Hedge funds	◕	◔	◕

Source: J.P. Morgan Asset Management; as of June 2025. Equity diversification score is based on long-term public equity beta; income-driven returns are based on the component of total returns derived from contracted income; appreciation-driven returns are based on the component of total returns attributable to increases in valuation over time. All scores are in the context of the alternatives shown in the table.

Adding alternatives to your portfolio

> **Diversifying your allocation**
>
> Adding a well-diversified alternatives allocation across categories—from hedge funds to real estate to private equity and credit—can benefit portfolios whether the objective is risk reduction, return enhancement, higher income, or some combination of all of these.

If you've decided that alternatives are right for your portfolio, how should you begin to build an allocation?

Sizing your allocation

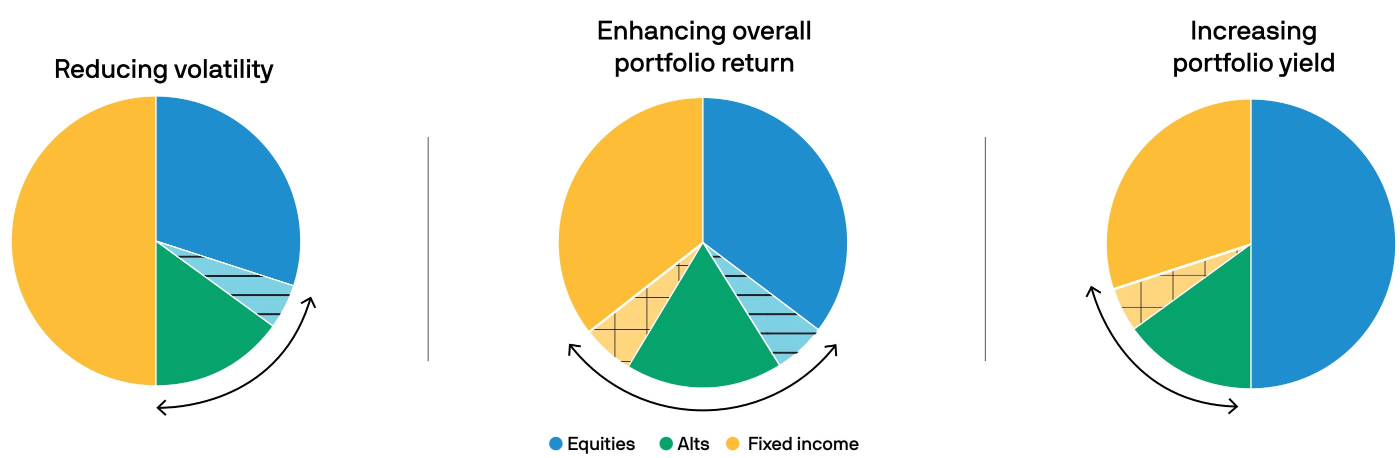
The appropriate amount to allocate will depend on several factors, including your investment objectives, the size of any existing allocation to alternatives, your time horizon, and your tolerance for the lower liquidity of alternatives relative to traditional assets.

Funding your allocation

Investors don't typically incorporate new asset classes by selling equal weightings across all existing holdings. What, then, should be the funding source for a new allocation?

Again, investment objectives are key. An investor targeting reduced volatility could fund an allocation to alternatives by reducing public equity exposure. An investor looking to enhance overall portfolio return could allocate away from low-yielding fixed income, but could also sell some public equity in favor of an allocation to strategies focused on higher return, such as private equity.

An allocation designed to increase portfolio yield could come from either dividend-paying public equities or fixed income.



Source: J.P. Morgan Asset Management. For illustrative purposes only.

Real estate

Physical property for living and working around the world

The size, breadth, and tangible nature of the assets makes real estate a foundational asset class. Core real estate includes office, multi-family, industrial, and retail properties, as well as extended sectors such as single family rental housing and life sciences properties. Real estate also includes non-core sectors such as assisted living, hotels, data storage, and student housing. These sectors offer different risk and reward profiles based on their underlying assets.

Key points

- Core U.S. real estate is the rare real asset category with a defined benchmark: NFI-ODCE.
- The risk spectrum runs from Core (stable, yield-focused assets), to Core Plus, Value-Add and Opportunistic.
- Investors can access real estate through closed-end/locked-up funds or through open-ended funds, which provide continuous liquidity. There are also broadly diversified strategies and those that focus geographically and/or by property sector.
- In today's market, strategies that can take advantage of the post-Covid world targeting the way we live, work and consume now are particularly attractive.

Using real estate in a portfolio

Adding core real estate to a portfolio has the potential to provide strong, predictable yield, consistent returns and diversification, and can help to buffer against inflation and reduce portfolio volatility.

Diversified source of return

Core real estate has typically exhibited low correlations to traditional asset classes. For example, core real estate has historically been a stable source of income that is uncorrelated to traditional fixed income.

At the same time, core real estate has had a very low equity market beta and has been comparatively resilient in market downturns.

Yield

Over two-thirds of target returns in core real estate are driven by income rather than capital appreciation. The long-term lease structures of core real estate assets may provide strong, predictable cash flow and stability to the return stream.

Buffer against inflation

Real estate is one of the only resilient assets classes in the face of inflation. Rent increases can buffer against the effects of expected and unexpected inflation.

Private equity

Equity ownership of companies, without the stock market

Private equity generally refers to equity investments in companies whose shares are not listed on public stock exchanges. Private equity investments typically fall into two main categories differentiated by stage: corporate finance, where strategies include growth, buyout, add-ons, consolidations and restructurings; and venture capital, which consists of seed, early stage, and expansion investment strategies.

Key points

- Investors typically access private equity through private, closed-end fund structures. Investors can also gain exposure by investing directly in unlisted companies, and through secondary markets.
- Manager dispersion tends to be the highest of any asset class given the higher potential returns.
- The long-term nature of private equity strategies means investments can be locked up for 10 years or more, with the potential for partial liquidity in earlier years in the form of interim distributions.
- New structures, designed specifically with individuals' needs in mind, allow more simplified access — with qualified client eligibility, low minimum commitments, no capital calls, easy tax reporting and potential periodic liquidity.

Using private equity in a portfolio

Private equity investors expect to be compensated with returns in excess of those available from public equity markets, given the characteristics of the asset class: a negotiated and often complex investment process, a long investment period, relative illiquidity, and a return profile that may be negative in the early years and positive in the middle to late years.

Return enhancing

Early-stage investing can capture the rapid growth of promising companies. An expanded opportunity set vs. public equities, a strong alignment between investors and managers, significant information transparency, and a higher degree of control and influence over investments also contribute to the potential return advantage.

Increasingly established market

The depth of the private markets means more companies are choosing to stay private as they grow, avoiding the enhanced oversight, increased disclosures and loss of control that come with the traditional route of listing on the stock market.

At the same time, more publicly traded companies are going private (through leveraged buyouts), allowing management and private equity firms to improve operations without a constant eye on quarter-to-quarter earnings.

Expanded opportunity set

Private equity offers access to a broader opportunity set than public markets, including exposure to emerging companies in the earliest stages of growth and development.

Private credit

Providing borrowers with capital

Private credit often refers to direct lending to small or middle-market companies that cannot or choose not to tap into public credit markets to finance their business needs. Within the asset class, investors and borrowers alike often look to this segment for consistent income, downside resilience, and portfolio diversification from core private credit and enhanced return from distressed private credit.

Key points

- Though private credit has seen significant growth in recent years, we expect the asset class to continue seeing significant investor demand and serve market participants well in years to come.
- Navigating the continued evolution of the asset class requires seasoned investors with differentiated sourcing advantages, expertise in fundamental analysis, and a disciplined and consistent underwriting approach.

Using private credit in a portfolio

In recent years, private credit, and more specifically direct lending, has been an increasingly attractive asset class for investors looking for enhanced income, mitigate downside risk and diversification. Traditionally, direct lending has been considered to be an extension of public fixed income investing thanks to the yield benefits it provides. Today, investors can also look to the asset class for a buffer against inflation as most direct lending loans have floating rate coupons, therefore reducing duration risk and offering upside during periods of rising interest rates.

Greater return potential

Private credit may offer steady, current income that is higher than what can be found in the traditional fixed income markets.

Mitigate downside risk

Prudently structured loans have financial covenants that allow for better downside risk mitigation, which can be demonstrated through high recovery and low default rates achieved over time.

Portfolio diversification

Direct lending, in part to the bespoke nature of deals, may offer very low correlation to traditional public markets, therefore resulting in diversification benefits.

Infrastructure

The core building blocks of societies and economies

Infrastructure assets are the facilities and networks essential to the economic productivity of society—assets such as water utilities, power networks, airports, and public transportation systems.

Using infrastructure in a portfolio

Adding core infrastructure to a portfolio can provide a consistent, stable source of yield, while helping to buffer against inflation, mitigate downside risk, and reduce portfolio volatility.

Diversification

Because they are essential to the communities in which they operate, core infrastructure assets often hold government-regulated monopolistic positions in their markets. This means they are relatively insensitive to periods of economic weakness—and typically have a low correlation to traditional assets such as equities and fixed income.

Due to the localized and specific nature of infrastructure assets—a town water system vs. a wind power farm vs. a container port—each holds a unique set of risk and return drivers, making it possible to build highly diversified portfolios.

Yield

As pricing is typically defined by contracts and government regulation, many core infrastructure assets generate stable, predictable cashflows.

Buffer against inflation

Many contractual and regulatory structures allow asset owners to increase prices along with inflation, meaning certain infrastructure investments can provide portfolio buffer against rising prices.

Key points

- The risk spectrum of infrastructure assets runs from Core (investments with highly forecastable cash flows) to Value-Add and Opportunistic (investments focused on capital appreciation, such as ground-up development).
- Geography is very important due to the high degree of government involvement and associated risk of maintaining utilities/power assets in certain markets.
- Infrastructure assets are durable, long-life assets that are typically owned indefinitely, rather than frequently traded.

Transportation

The engines of global mobility

Transportation assets are mobile assets that connect countries, people and economic networks, supporting the core businesses of large global corporations such as oil majors, utilities, miners, airlines and multinational conglomerates.

Using transportation in a portfolio

Long-term, yield-oriented transportation investments provide a stable stream of income that replicates fixed income characteristics and can be used to complement private credit and other real asset allocations.

Diversification

Transportation has low correlation to public equities and fixed income, and also moderate-to-low correlation to other real asset classes, such as core real estate and infrastructure.

Transportation portfolios can achieve many layers of diversification, from asset type (ships, aircrafts, railcars etc.) and sub-asset type (crude tankers, LNG carriers, containerships, etc.) to counterparties, to duration.

Yield

Core, yield-oriented assets bought for the purpose of leasing to asset operators (airlines or shipping companies, for example) generate income at a higher level than both financial and other hard assets. Counterparties are often high quality, investment grade corporates.

Global, hard currency exposure

Transportation investments provide exposure to the whole global economy, not just a particular country or region, and are driven by economic growth rather than financial asset prices.

Over 90% of assets in the transportation space transact in US dollars due to its status as a global reserve currency.

Key points

- Transportation strategies tend to fall into two categories: yield-oriented (buying core assets and leasing them to the operating user) and opportunistic (buying assets during periods of market dislocation with the expectation of selling for capital appreciation).
- Transportation assets typically have a 20-30+ year useful life, with varying degrees of liquidity in the secondary market.
- Around 90% of goods travel on water at some point in their life, demonstrating the essential nature of this asset class.

Timber

Investing in sustainable forests globally

Timber's investment benefits coupled with growing emphasis on the desire to offset a portfolio's carbon footprint, have generated increased interest in timber investing and has elevated its role in investors' portfolios.

Using timber in a portfolio

Core timberland exposure can provide a variety of benefits, including portfolio diversification, a hedge against inflation and income, while capturing carbon and generating verified carbon assets (VCAs).

Timber literally grows in size and value over time: as trees mature, they add more value by gaining more volume, translating into higher-value forest products. Unlike an agricultural crop, trees do not need to be harvested annually. They can be stored within the forest and allowed to grow until more favorable price conditions return. Biological growth will offset much of the valuation impact of the delay in harvesting, making the option to delay a valuable attribute of timberland investing that differs from other asset classes.

Sustainably managed forests also sequester and store carbon, promote biodiversity, improve and preserve water sources, produce living wage jobs and deliver renewable products used across the economy in everyday life.

Diversified source of return

Timberland's low correlation to most major asset classes, particularly equities and bonds, can provide diversification to a broader portfolio. In addition, timberland has also demonstrated low to negative correlations to other real assets, such as real estate.

Buffer against inflation

Timber investments can provide a hedge against inflation. Harvested timber is a commodity that, like many other commodities, tends to respond favorably during inflationary environments. In certain global core timber markets, contractual structures allow asset owners to increase prices along with inflation.

Yield

Timberland income, generated mainly by the sale of harvested logs, is the primary source of income yield for investors. The timberland asset class has provided relatively consistent yields historically.

Key points

- The role a forest plays in capturing and storing CO_2 is among the most captivating ecosystem benefits, and a forest's value is increasingly derived from its ability to sequester and store carbon.
- Core timberland markets in North America, Australasia, and Latin America with a high degree of institutional ownership provide many benefits, including market diversification, access to key demand and high-growth regions and access to countries with inherent competitive advantages as cost leaders in the global trade of forest products.

Hedge funds

Dynamic investing across global markets

Hedge funds provide the ability to invest in a wide range of strategies and securities across global financial markets. By utilizing derivatives to mitigate risks, capturing arbitrage opportunities during market dislocations, and going “short” to bet against prices, hedge funds have the potential to provide uncorrelated return streams and improved risk-adjusted returns.

Key points

- There are a wide range of underlying investment strategies and potential investable markets.
- Hedge funds may change their entire portfolio quite frequently, requiring close ongoing due diligence.

Using hedge funds in a portfolio

The hedge fund structure can accommodate many different underlying strategies that aim for different outcomes. Hedge funds often seek to generate absolute, alpha-driven returns while mitigating downside risk, regardless of market conditions.

Alpha and absolute returns

Hedge funds seek returns that are driven by alpha, not public market beta, and aim to generate positive returns regardless of market direction.

Stability in expensive markets

In a market where valuations may be at risk, hedge funds can act as a portfolio stabilizer.

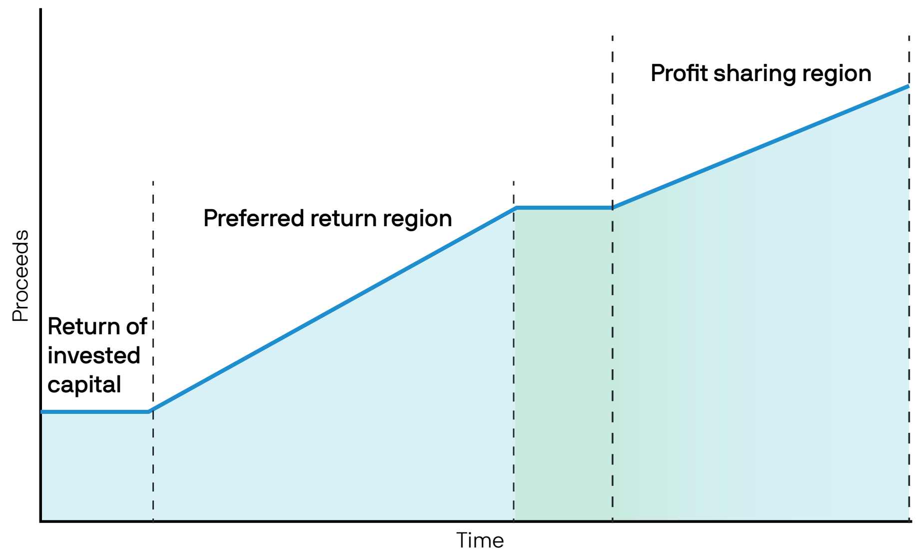
Capitalizing on volatility

Volatility can hurt traditional, long-only portfolios, but often benefits hedge funds, which can take advantage of dislocations created when financial market movements do not reflect fundamental value.

Some hedge fund strategies, particularly quantitative strategies employing advanced mathematics, can directly benefit from market volatility through their use of derivatives.

Know your alternative terms

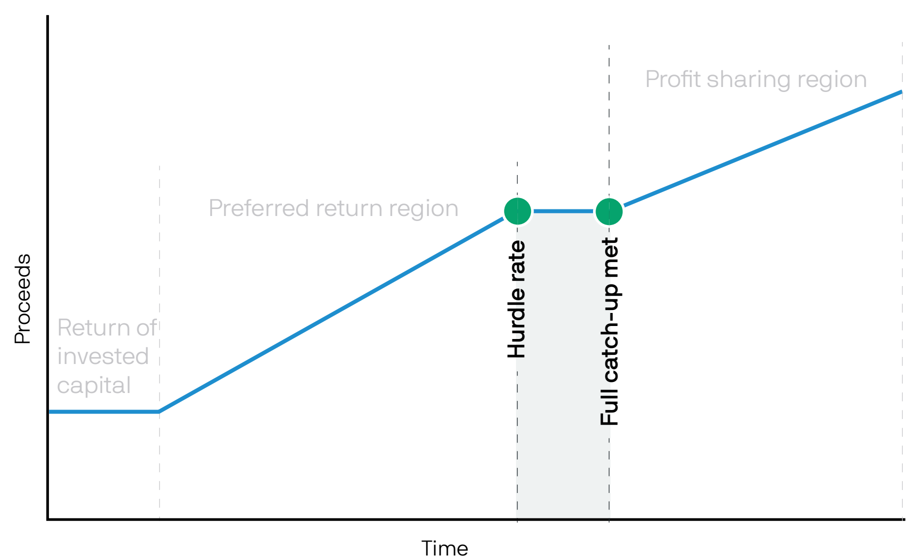
Carried interest (aka incentive fee)



What it means

Carried interest is a performance-based incentive fee paid to a fund manager; calculated as a percentage of investment profits over a hurdle rate and charged in addition to a management fee. In Private Equity, carried interest (typically up to 20% of the profits) becomes payable once the investors have achieved repayment of their original investment in the fund, and a defined hurdle rate has been reached.

Catch up and hurdle rate



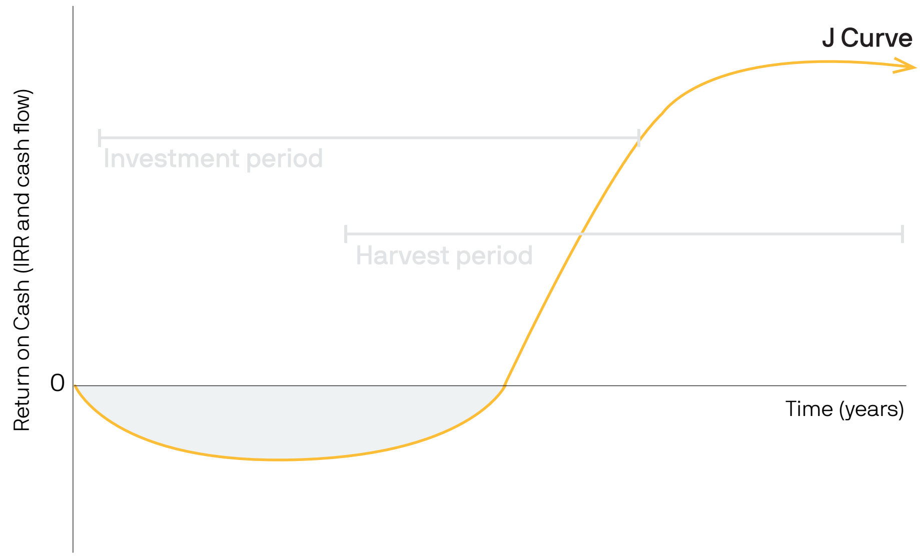
What it means

These are common terms of the private equity partnership agreement. Once the general partner provides its limited partners with their preferred return, if any, it has reached its hurdle rate and then typically enters a catch-up period in which it receives the majority or all of the profits until the agreed upon profit-split, as determined by the carried interest, is reached.

J-Curve effect

What it means

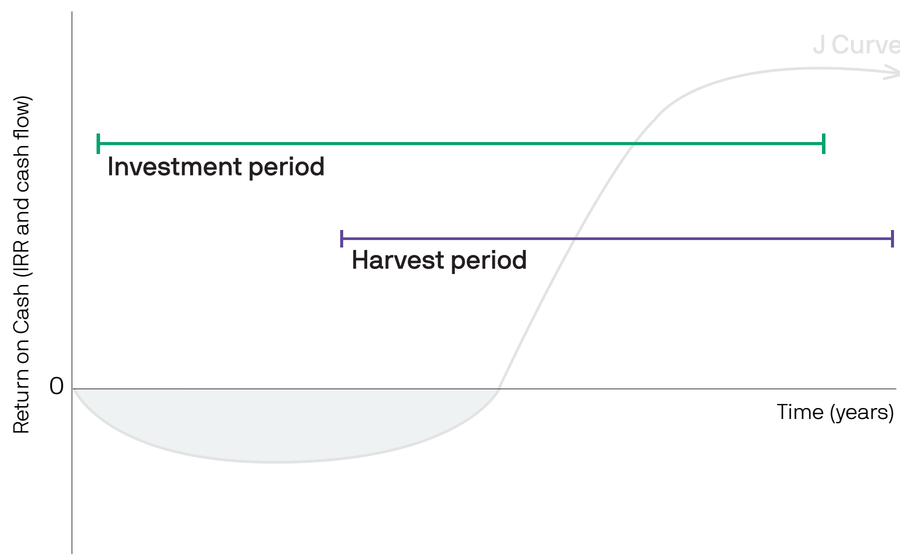
The J Curve occurs when funds experience negative returns for the first several years. This is a common experience, as the early years of the fund include capital drawdowns and an investment portfolio that has yet to mature. If the fund is well managed, it will recover from its initial losses and the returns will form a J-curve: losses in the beginning dip down below the initial value, and later returns show profits above the initial level.



Investment period and Harvest period

What it means

- The **investment period** is the time within which the fund can make investments as established in the Limited Partnership Agreement ("LPA"), meaning the governing document, for the fund.
- The **harvest period** if typically the last 3-to-7 years of an alternative fund with a 10-year term. Period when the fund can manage or exit existing investments, but cannot initiate new ones.



Qualified purchaser

What it means

A Qualified Purchaser is an individual that owns $5mm+ in investable assets, an individual or entity which owns and invests $25mm+ in private capital or a trust sponsored by Qualified Purchasers or entity owned by Qualified Purchasers.

Investable assets

$5M

(not including primary residence)

OR

Owns and invests

$25M

Individual

(in private capital)

Trust sponsored or entity owned

(by Qualified Purchaser)

Qualified client

What it means

A qualified client has investable assets of $2.2mm+ or $1.1mm+ invested with a specific Advisor.

Investable assets

$2.2M

OR

Invested with specific advisor

$1.1M

Accredited investor

What it means

An accredited investor has an income of $200k+ for each of the last two years (individual), income of $300k+ for each of the last two years (couple) or investable assets of $1mm+.

Investable assets

$1M

(not including primary residence)

OR

Income exceeds

$200K

Individual

(each of last 2 years)

$300K

Joint with spouse

(each of last 2 years)

A	**Alpha**	Alpha Is the difference between an investment's return and its expected return, given its level of beta.
C	**Cap rate**	The capitalization rate (also known as cap rate) is used in the world of commercial real estate to indicate the rate of return that is expected to be generated on a real estate investment property. Cap rate is the annual Net Operating Income divided by the market value of the property.
	Capital called	When money pledged by limited partners/investors is collected so that it can be invested or otherwise deployed by the general partner.
	Clawback	A clawback obligation represents the general partner's promise that, over the life of the fund, the managers will not receive a greater share of the fund's distributions than they bargained for. Generally, this means that the general partner may not keep distributions representing more than a specified percentage (e.g., 20%) of the fund's cumulative profits, if any. When triggered, the clawback will require that the general partner return to the fund's limited partners an amount equal to what is determined to be "excess" distributions.
	Closed-end fund	A fund that has a finite capital raising period and stated term (i.e. 5 years, 10 years, etc.). Clients will have the ability to commit to the fund during the set fundraising period, after which point the fund will be closed to new investors. Unlike an open-ended fund, there is limited flexibility on when a client may invest and there is no liquidity/redemptions. Clients who invest are obligated to remain in the fund for the duration of the term; they will be required to fulfill capital calls during the stated commitment period and will receive periodic distributions based on underlying monetization of investments.
D	**Dispersion**	Difference between the best-performing and worst-performing strategies.
	Distributions	The total proceeds distributed by the fund to the Limited Partners, which may include both return of capital and gain distributions.
G	**General partner**	The managing partner of a Limited Partnership. The General Partner is managed by the asset management team responsible for making fund investments (i.e., the intermediary between investors with capital and businesses seeking capital to grow).
	Gross asset value	The Gross Asset Value (GAV) is the sum of value of property a company owns.
	Gross IRR	The dollar-weighted internal rate of return, before management fees and carried interest generated by the fund.
H	**High water mark**	A high-water mark is the highest peak in value that an investment fund or account has reached.
I	**IRR (Internal rate of return)**	The dollar-weighted internal rate of return. This return considers the daily timing of cash flows and cumulative fair stated value, as of the end of the reported period.
K	**K-1**	Tax document issued for an investment in partnership interests to report your share of income, deductions and credits. (Note that Private Investments generally issue a Schedule K-1 instead of a Form 1099 for tax reporting. K-1s may at times be issued later than 1099s, requiring investors to file for an extension).
L	**Limited partner**	An investor in a Limited Partnership, which is a form of legal entity used for certain hedge funds, private equity funds and real estate funds.
M	**Management fee**	Fee paid to a fund manager for managing the fund; typically calculated as a percentage of assets under management.
	Mezzanine finance	Loan finance that is half-way between equity and secured debt, either unsecured or with junior access to security. A mezzanine fund is a fund focusing on mezzanine financing.
	Multiple of invested capital (MOIC)	Calculation performed by adding the remaining (reported) value and the distributions received (cash out) and subsequently dividing that amount by the total capital contributed (cash in).
N	**Net asset value (NAV)**	The net asset value (NAV) in is the total value of an asset, minus any outstanding debt and the cost of other any fixed or planned capital expenses.
	Net cash flow	Net cash flow is the difference between all cash inflows and outflows over a given time period.
	Net IRR	The dollar-weighted internal rate of return, net of management fees and carried interest generated by the fund. This return considers the daily timing of all cash flows and the cumulative fair stated value, as of the end of the reported period.
O	**Open-ended fund**	As it relates to private alternatives (not mutual fund structure), an open-ended fund is a fund that has no stated term or maturity and allows clients to invest and redeem on an ongoing basis. The frequency of investments (aka subscriptions) and / or redemptions may vary. Redemptions from open-ended private alternative funds generally require advance notice in writing.
P	**Preferred return**	Also known as Hurdle Rate
	Primary investment	An investment made in a newly formed limited partnership.
R	**Real estate investment trust (REITs)**	Stocks listed on an exchange or non-listed that represent an interest in a pool of real estate properties.
	Realized value	The amount of capital extracted from an investment.
	Return on equity (RoE)	Amount of net income returned as a percentage of shareholders' equity.
S	**Secondary market investment**	The buying and selling of pre-existing investor commitments.
	Seed money	The first round of capital for a start-up business. Seed money usually takes the structure of a loan or an investment in preferred stock or convertible bonds, although sometimes it is common stock. Seed money provides startup companies with the capital required for their initial development and growth. Angel investors and early-stage venture capital funds often provide seed money.
U	**Unfunded commitment**	Money that has been committed to an investment but not yet transferred to the General Partner.
V	**Vintage year**	The year of fund formation and first draw-down of capital.

J.P. MORGAN ASSET MANAGEMENT

60+

YEARS

Managing Alts since 1961

GLOBAL ALTERNATIVES

Invest with a global leader in alternatives

At J.P. Morgan Asset Management, we have over a 60-year history of investing in alternatives and specialist teams across the alternative spectrum—from hedge funds to private equity and credit to real assets.

With over USD 260 billion in assets under management, we have extensive experience partnering with investors to understand their portfolio needs and find the right blend of alternative solutions to achieve their desired outcomes.

To find out more visit www.jpmorganfunds.com or contact your local JPMorgan Representative.

Let's Solve It®

Hedge Funds. Investments in hedge funds involve a high degree of risk and are only appropriate for investors who fully understand and are willing to assume the risks involved. Hedge funds often engage in leveraging speculative investment practices that may increase the risk of investment loss. The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of hedge funds to obtain leverage they might otherwise obtain or to pursue their investment strategies. The Investment Manager of the Fund(s) is subject to the J.P. Morgan Asset Management policies and procedures, including but not limited to Conflicts of Interest, Market Abuse, Anti-Money Laundering, Data Protection and Risk Management which will be applicable to the ongoing management of the Fund(s).

Private Equity Assets. Private equity assets invest exclusively or almost entirely in financial instruments issued by companies that are not listed (or that takeover publicly listed companies with a view to delisting them). Investment in private equity assets is typically by way of commitment (i.e., whereby an investor agrees to commit to invest a certain amount in the fund and this amount is drawn down by the fund as and when it is needed to make private equity investments). Interest in an underling private equity asset will consist primarily of capital commitments to, and investments in private equity strategies and activities which involve a high level of risk and uncertainty. Except for certain secondary assets , private equity assets will have no operating history upon which to evaluate their likely performance. Historical performance of private equity assets is not a guarantee or prediction of their future performance. Investments in private equity are often illiquid and investors seeking to redeem their holdings can experience significant delays and fluctuations in value.

Private Property Assets. Past performance of property assets are not indicative of the performance of the property market as a whole and the value of real property will generally be a matter of a valuer's opinion rather than fact. The value of a property may be significantly diminished in the event of a downturn in the property market. Property investments are subject to many factors including adverse changes in economic conditions, adverse local market conditions and risks associated with the acquisition, financing and ownership and operation and disposal of real property. Property assets may impose limits on the number of redemptions and may provide for deferrals or suspension in particular circumstances for a given period of time.

Private Credit Assets. Private credit securities may be illiquid, present significant risks, and may be sold or redeemed at more or less than the original amount invested. There may be a heightened risk that private credit issuers and counterparties will not make payments on securities, repurchase agreements or other investments held by the strategy. Such defaults could result in losses to the strategy. In addition, the credit quality of securities held by the strategy may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security and in shares of the strategy. Lower credit quality also may affect liquidity and make it difficult for the strategy to sell the security. Private credit securities may be rated in the lowest investment grade category or not rated. Such securities are considered to have speculative characteristics similar to high yield securities, and issuers of such securities are more vulnerable to changes in economic conditions than issuers of higher-grade securities.

Infrastructure Assets. Investing in infrastructure assets or debt associated with infrastructure involve a variety of risks, not all of which can be foreseen or quantified, and which include, among others: the burdens of ownership of infrastructure; local, national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of infrastructure assets; risks related to construction, regulatory requirements, labor actions, health and safety matters, government contracts, operating and technical needs, capital expenditures, demand and user conflicts, bypass attempts, strategic assets, changes in interest rates and the availability of assets which may render the purchase, sale or refinancing of infrastructure assets difficult or impracticable; changes in environmental laws and regulations, investments in other funds, troubled infrastructure assets and planning laws and other governmental rules; changes in energy prices; negative developments in the economy that may depress travel activity; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the asset or the financial professional. Many of these factors could cause fluctuations in usage, expenses and revenues, causing the value of the Investments to decline and negatively affecting the assets returns.

Commodities. Trading in derivatives on physical commodities is speculative and can be extremely volatile. Market prices of derivatives on physical commodities can fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealised), weather, trade, fiscal, monetary and exchange control programs, political and economic events and policies, disease, pestilence, technological developments, changes in interest rates, whether through government action or market movements, and monetary and other governmental policies. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant commodity.

Transportation Assets. An investment in the Strategy is subject to certain risks associated with the ownership of transportation assets and the transportation industry in general, including: the burdens of ownership of transportation-related assets; local, national and international economic conditions; the supply and demand for assets; the financial condition of operators, buyers and sellers of assets that include the market values of transportation assets (i.e., ships, aircraft, fleet vehicle and heavy equipment) and lease rates that include the price at which interests in said assets can be acquired, the future value of those assets (particularly at the time the Operating Leases expire), and the Lease Rates applicable to those assets; changes in interest rates and the availability of credit which may render the sale or refinancing of assets difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and monetary policies; oil and fuel price risks that include significant volatility in fuel prices which make up a material component of a transportation assets' cost base. Oil price volatility may have an impact on individual operators' ability to meet lease payments as well as demand for travel/shipping generally; Concentration risk in the short term whilst the Strategy is building its portfolio of assets, there is likely to be a concentration of asset type, lessee and/or region; An investment in the Strategy is illiquid. Whilst there is a secondary market for the assets, this will depend on prevailing market conditions; changes in taxation laws or Government taxation policy affecting domestic and international investments and depreciation; planning laws and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of assets acquired with undisclosed or unknown defects or problems resulting in environmental liabilities or as to which inadequate reserves have been established; changes in tax rates; changes in energy prices; negative developments in the economy that depress commercial transportation activity; uninsured casualties; force majeure acts, terrorist and piracy events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Strategy and the Portfolio Manager. In addition, as recent experience has demonstrated, transportation assets are subject to long-term cyclical trends that give rise to significant volatility in values.

Aircraft Assets. An investment in the Strategy is subject to certain risks associated with the ownership of aircraft assets and the airline industry in general, including: the burdens of ownership of aircraft-related assets; local, national and international economic conditions that may have an impact on demand for air travel which in turn will have an impact on airline profitability; the supply and demand for assets; the financial condition of operators, buyers and sellers of assets that include the market values of aircraft and lease rates that include the price at which interests in aircraft can be acquired, the future value of those aircraft (particularly at the time the operating leases expire), and the lease rates applicable to those aircraft; changes in interest rates and the availability of credit which may render the sale or refinancing of assets difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and monetary policies; oil and fuel price risks that include significant volatility in oil prices which make up a material component of an airline's cost base. Oil price volatility may have an impact on individual airlines ability to meet lease payments as well as demand for air travel generally; concentration risk In the short term whilst the Strategy is building its portfolio of assets, there is likely to be a concentration of airframe type, lessee and/or region; An investment in the Strategy is illiquid. Whilst there is a secondary market for the assets, this will depend on prevailing market conditions; changes in taxation laws or government taxation policy affecting domestic and international investments; significant acts of terrorism, hostility or war or natural disasters; uninsured casualties; under-insured or uninsurable losses or force majeure acts.

Timber/Forest Assets. Investing in timberland involves a variety of risks, not all of which can be foreseen or quantified, and which include, among others: general economic conditions (including market and price factors, changes in consumption and production levels and prices for logs, pulp and paper, construction and remodeling activity, material declines in investment in lumber mills, pulp mills and paper mills, population growth and other demographic factors, consumer preferences, price and availability of substitute wood and non-wood products, currency fluctuations and global economic health); availability of funding for governmental agencies, developers, conservation organizations, individuals and others to purchase the timberlands for conservation, recreation, residential or other purposes; local real estate market conditions, such as oversupply of, or reduced demand for, timberland properties sharing the same or similar characteristics as those in the investment's portfolio; competition from other sellers of timberland and real estate developers; weather conditions, insect infestations, or natural disasters having an adverse effect on the properties; risk of uninsured loss; relative illiquidity of timberland investments; changes in interest rates and available financing; impact of land use and environmental protection laws; changes in laws, regulations or the regulatory environment affecting tax, real estate and zoning; the ability to obtain all permits necessary for its timberland activities; and/or macro-economic conditions, including inflation, deflation, recession, rising energy prices, etc.

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