Virginia Board for the Blind and Vision Impaired
Quarterly Board Meeting
September 24, 2024
11:00 am – 2:00 pm

Location: Department for the Blind and Vision Impaired
397 Azalea Avenue
Richmond, VA 23227

Join in ZoomGov Meeting
https://dsa-virginia.zoomgov.com/j/1617191397?pwd=SvPyQg3oqhbUVbHMlYwO4uJak2TSda.1

Meeting ID: 161 719 1397
Passcode: 355852
or
Dial
646 828 7666

AGENDA

11:00 am **Call to Order and Welcome**
Chairman D'Addario
1. Introduction of New Board Members: Tina Egge and Kathryn Campbell

11:10 am **Business Items**
Chairman D'Addario
1. Consent of Agenda
2. Consent of Meeting Minutes – June 25, 2024

11:15 am **Public Comment**

11:25 am **Optimal Services Group**
1. Introduction to Wells Fargo/Endowment Account (10 minutes)
2. Update on Markets & Portfolio/Board's Investment Policy Statement (10 minutes)
3. Q&A (10 minutes)

11:55 am **Pick up Lunch/Break**

12:15 pm **Working Lunch**
Agency Reports
Commissioner Mitchell & Staff (30 minutes)

12:45 pm **Old Business**

1. Grant Status – Maggie Mills/Melissa Jackson (10 minutes)
2. Endowment / Income Tax Check Off / Corporate Charity Update – Chair (10 minutes)

1:05 pm **New Business**

June 2025 Board Meeting & Grant Process Timeline (15 minutes)

1:20 pm **Adjourn**

DRAFT MINUTES
Virginia Board for the Blind and Vision Impaired
Quarterly Board Meeting
June 25, 2024
11:00 am – 2:00 pm

Location: Department for the Blind and Vision Impaired (DBVI)
397 Azalea Avenue
Richmond, VA 23227

Board Members in Attendance
Joseph Ashley, Bonnie Atwood, Robert Bartolotta, Mazen Basrawi, Paul D'Addario-Chair, Ken Jessup-Vice Chair, Michael Kasey

Guests in Attendance
Bryce Lee, The Optimal Service Group, Wells Fargo
Karen Logan, The Optimal Service Group, Wells Fargo
Tyler Payne, The Optimal Service Group, Wells Fargo

In Attendance to Present Grant Applications
Heidi Lawyer, Parent Educational Advocacy Training Center (PEATC) - Virtually
Elizabeth Spiers, DBVI, Virginia Association of the DeafBlind
Dave Fuller, DBVI, Virginia Association of the DeafBlind
Donna Cox, DBVI, Super Summer Camp
Yvonne Mastromano, Virginia Voice
Sandy Halverson, National Federation of the Blind of Virginia (NFBV), Silver Bells - Virtually
Tracy Soforenko, National Federation of the Blind of Virginia (NFBV), Silver Bells – Virtually
David Ward, Goodwill Industries of the Valleys – Virtually
E. Lamont Crawley

DBVI Staff to the Board
Matt Koch, Deputy Commissioner of Enterprises; Maggie Mills, Executive Assistant to the Commissioner; Rick Mitchell, Commissioner

Call to Order & Welcome
Chair D'Addario called the meeting to order and welcomed the members in attendance. A quorum was met.

Business Items
Consent of Agenda
Mr. Kasey moved to approve the agenda as presented and seconded by Mr. Bartolotta. The motion was passed unanimously.

Consent of June 14, 2024, Minutes
Dr. Ashley moved to approve the June 14 Minutes as presented. Mr. Kasey seconded. The Minutes were approved without objection. Minutes were accepted for filing.

Public Comment
None

Endowment Grant Application Presentations/Q&A
The Chair reviewed the Board's Spending Policy for granting funds which is up to 4% of the corpus over a 3-year rolling average ending on February 28/29. The amount that can be funded this year totals $235,011.80.

Seven of the nine applicants were invited to present their cause and answer questions from the Board.

Discussion/Vote Endowment Grant Applications
The seven applicants were granted funding by the Board as indicated below:

Ms. Atwood moved that the Board grant the following funds:
Parent Educational Advocacy Training Center (PEATC) $2500
VA Association of the Deafblind $5,000
Department of the Blind and Vision Impaired - Super Summer Camp $53,000
Virginia Voice, Inc. $50,000
National Federation of the Blind of Virginia (NFB) $103,000
Goodwill Industries of the Valleys $10,500
E. Lamont Crawley $10,000 with the provision he will become an official business entity within six months of receiving grant. ** See note below to add an additional $500 for a total of $10,500.
Total funds given: $234,500

Mr. Jessup seconded.

**Mr. Basrawi moved to add Amendment to add $500 to E. Lamont Crowley. Dr. Ashley seconded.

Amendment was accepted by Ms. Atwood.

Chair amended motion to indicate that the Board is not funding the two applications submitted by individuals, because the funding is not in purview of Endowment Fund purpose: Joan Noble and Durwood Bradshaw. Ms. Atwood agreed to this Amendment.

All were in favor.

Chair advised that Deputy Commissioner Gaines will send recipients a letter of award and to include in the letter that the interim report is due December 1, 2024 and final report due June 1, 2025. Any requester who receives funds and does not provide the required reports will not be eligible for a grant in the next round.

Optimal Services Group
Investment Report
The Optimal Service Group (OSG), Wells Fargo reviewed DBVI's investment portfolio to date which has been in a long-term asset allocation since December 2021. As of April 30, 2024, the Endowment Fund balance was $5,991,452.00.

New Business
Elect 2024-2025 Board Officers
Board Members Bonnie Atwood's and Ken Jessup's terms are expiring June 29, 2024.

Dr. Ashley motioned to recognize these departing Board Members and to commend them for their tremendous service to the Board and to the blind and vision impaired of Virginia. Mr. Kasey seconded. All were in favor.

Ms. Atwood nominated Paul D'Addario as Chairman. No other nominations were put forward. All were in favor.

Ms. Atwood nominated Dr. Ashley as Vice-Chair. No other nominations were put forward. All were in favor.

Mr. Basrawi nominated Mr. Bartolotta as Secretary. No other nominations were put forward. All were in favor.

Dates for 2024-2025 Board Meetings
September 24, 2024
December 17, 2024
March 25, 2025
June 24, 2025

Other Business
Commissioner Mitchell reported that recruitment for the Deputy Commissioner for Services is still on. Kathy Malone, Senior Manager, Bristol Regional Office, has agreed to be Acting Deputy Commissioner for Services until that position is filled.

Commissioner Mitchell reported on the announcement from the Governor's office. Jeff Goettman will step down from his position of Chief of Staff for the Administration. Current Secretary of Health and Human Resources, John Little, will become the next Chief of Staff to the Governor and Janet Vestal Kelly has been tapped as Secretary of Health and Human Resources effective July 8, 2024.

The Agency is trying a pilot program. It has hired a VR Counselor, Norfolk Regional Office. The employee is working remotely full time. Other states have tried working with remote VR Counselors, so DBVI is trying this as well since this position has been difficult to fill.

Orientation and Mobility Instructor is another position the Agency is having a challenge in filling.

Deputy Commissioner Koch reported on the Enterprise Division. Navy mattress delivery was delayed due to federal system integration issues. This affected all users of the shipment scheduling system VIM ASAP that transfers data to the WAWF system required for the military Quality Assurance Representatives (QARs) to receive and approve shipment details. VIB worked closely with the federal government help desks to find a temporary fix so that VIB can start shipping 1,750 mattresses to the Navy. The 5-truckload delivery will generate $800,000 in NGF revenue against a cost basis of $740,000 for a profit of $60,000.

VIB continues to innovate to better serve our federal customers. Military customers have many payment channels and one of their preferred channels in called MILSTRIP. VIB established a way to accept MILSTRIP orders and added a popular product, Deck-in-a-Box, to the GSA Catalog which is a necessary step to gain exposure to military buyers. It is expected that this new payment channel will open new sales that had previously been going to Grainger.

Adjournment
Mr. Jessup moved to adjourn the meeting. Dr. Ashley seconded. All were in favor.

Next Board Meeting
September 24, 2024

Department for Blind and Vision Impaired

Statement of Investment Policy and Guidelines
[ADD TEXT:] September 2024

Introduction

The Department for the Blind and Vision Impaired (DBVI) is committed to providing quality services to assist Virginia's citizens who are blind, deafblind or vision impaired in achieving their desired level of employment, education, and personal independence. The department provides an array of specialized services to blind Virginians of all ages to assist them in attaining the skills, confidence and positive outlook that are critical to independence.

DBVI envisions a world in which blind, vision impaired and deafblind people can access all that society has to offer and can, in turn, contribute to the greater community. We believe this is achievable.

The Virginia Board for the Blind and Vision Impaired (Board) advise the Governor, the Secretary of Health and Human Resources, the Commissioner, and the General Assembly on the delivery of public services to and the protection of the rights of persons with disabilities; and review and comment on policies, budgets and requests for appropriations for the Department prior to their submission to the Secretary of Health and Human Resources and the Governor and on applications for federal funds.

Purpose

The purpose of this document is to define the investment policy and guidelines for the portfolio (the "Fund") for the Board. The objectives have been created in response to:

- the anticipated financial needs of the Fund
- the Fund's risk tolerance; and
- the need to document and communicate objectives, guidelines, and performance standards to the investment managers

This policy represents the formal document for the investment of the Fund's assets and is to be communicated to the investment managers for their use in developing an appropriate program and to the Board and the Finance Committee for their use in exercising fiduciary responsibility. This document will also be used as the basis for investment performance measurement, compliance and evaluation.

Investment Objective

The primary objective of the Fund is to grow the corpus in real terms in perpetuity, while annually distributing assets in support of the Board's mission and operations. Historically the cash flow pattern for the Fund has approximately matched inflows with outflows so there is no anticipated spending rate.

In order to accomplish these goals in a prudent manner, the Board believes the investments of the Fund must be diversified among appropriate investments. These can include government securities, bonds, common stocks, real estate, private investments, money market instruments and other appropriate investments. This Investment Policy Statement will be reviewed regularly by the Board.

Duties and Responsibilities

A. The Virginia Board for the Blind and Vision Impaired

The Board is the final governing authority responsible for establishing the overall investment objectives and policies. The Board administers the Fund pursuant to § 51.5-63 of the Code of

Virginia. The Board is authorized to create and hold an institutional fund for its exclusive use and purposes into which it may deposit the proceeds of any gift, grant, bequest, allotment, or devise of any nature received from private sources. Such fund shall be subject to the Uniform Prudent Management of Institutional Funds Act (§ 64.2-1100 et seq.). The fund and the income from such fund shall not be subject to the provisions of § 2.2-1802. The availability of such fund shall not be taken into consideration in, nor used to reduce, state appropriations or payments, but such funds shall be used in accordance with the wishes of the donors thereof to strengthen the services rendered to the blind and vision impaired of this Commonwealth.

The primary responsibilities of the Board are:

1. The selection and oversight of the Outsourced Chief Investment Officer (OCIO).
2. Establish realistic risk and return objectives consistent with achieving the financial needs of the organization.
3. Monitor and evaluate portfolio performance and compliance.
4. Conduct a regular review of the investment policy.

B. The Finance Committee

The Board has a Finance Committee whose role includes making recommendations to the Board regarding investment policy, investment oversight, and monitoring. The primary responsibilities of the Finance Committee are:

1. The oversight of the OCIO.
2. Establish realistic risk and return objectives consistent with achieving the financial needs of the organization.
3. Monitor and evaluate portfolio performance and compliance.
4. Conduct an annual review of the investment policy.

C. Outsourced Chief Investment Officer (OCIO)

In order to achieve the primary objective of the Fund, the Board and Finance Committee has delegated to the OCIO full discretion within the scope of the agreed upon investment guidelines and restrictions.

The OCIO's performance in meeting the investment objectives of the Fund will be reviewed on a regular basis by measuring the Fund's total return net of expenses. In this capacity, the OCIO will:

1. Be responsible to the Board and Finance Committee, and acknowledge fiduciary duty to the Board in writing.

2. Comply with the Fund's investment policies, guidelines, objectives, asset allocation targets, rebalancing policies, etc., as contained in this statement.

3. Assume total responsibility and authority to invest Fund assets, which includes, but is not limited to:

   - tactical rebalancing among and within asset classes
   - the selection of individual securities
   - the management of cash, dividends and interest
   - the authority to select, oversee and terminate third-party investment managers
   - manage the voting of proxies

4. Provide investment and economic advice.

5. Provide quarterly reports, detailing investments and returns.

6. Provide or coordinate custody and record keeping services.

7. Proactively assist the Board in meeting its obligations under state and federal laws.

8. Provide assistance with annual reporting requirements.

ASSET ALLOCATION

The Board has the responsibility for approving the Fund's overall investment strategy. The Fund's strategy will reflect long-term investment objectives within the current business and economic climate. The asset structure should reflect a proper balance of the Fund's needs for liquidity and risk.

Asset allocation is the single most important component of investment strategy. The policy targets and ranges for the portfolio based on market values are as follows.

Asset Class	Policy Target (%)	Policy Range (%)
Global Fixed Income	41.0	15–55
Global Equities	55.0	30-70
Real Assets	2.0	0-20
Alternative Investments	0.0	0–20
Cash	2.0	0-15
Total Portfolio	100.0	

Liquidity is required only to the extent necessary to meet Fund expenses and payout requirements as advised by the Finance Committee.

PERFORMANCE STANDARDS

The Fund's overall long-term investment objective is to grow the corpus in real terms, while assuming an appropriate level of risk to preserve the corpus. The total return of the Fund, net of investment expenses, will be compared to the following benchmarks:

Absolute Return Target:

To achieve a rate of return that meets or exceeds the All Urban CPI Index +3%

Strategic Policy Benchmark:

To achieve a rate of return that meets or exceeds a benchmark of passive indices for each asset class, rebalanced monthly to the strategic targets.

RISK MANAGEMENT

There are a number of "risks" which must be considered when making investment decisions, including: loss of purchasing power, volatility, permanent loss of capital and liquidity. The core principles for managing these risks are as follows:

1. The primary risk management tool for a portfolio is diversification of the Fund's assets among uncorrelated asset classes and appropriate diversification within each asset class

2. A review of each asset class' expected return, volatility and correlation will be conducted in conjunction with the review of the Fund's strategic asset allocation targets.

3. Managing tactical asset allocation within policy limits provides the OCIO flexibility to underweight significantly overvalued asset classes, and to overweight those asset classes deemed to be undervalued or attractive.

4. The OCIO will regularly review asset allocation relative to strategic targets. The portfolio will be rebalanced to strategic targets when weightings deviate significantly from the strategic target levels, absent a tactical bias.

5. Active managers will be evaluated by the OCIO with respect to the return they generate and relative to the risk assumed. Managers will be selected who are focused on absolute risk rather than benchmark risk, though each manager will be measured against an appropriate relative benchmark over a market cycle.

6. Allocations to illiquid securities will be maintained at appropriate levels relative to the financial needs and risk tolerance of the Fund.

INVESTMENT CONSTRAINTS

[DELETE #1 TEXT]

1. The OCIO, with approval from the Finance Committee, may at various times use derivatives to provide appropriate hedges and manage portfolio risk.

[DELETE #2 TEXT]

2. Equity investments in any one company should not exceed 7% of the Fund's equity portfolio at time of acquisition or 10% of the equity portfolio at market thereafter.

3. Investments in equity of any one company should not exceed 5% of the market value of that company's outstanding equity.

[DELETE #4 TEXT]

4. Foreign securities or ADRs not listed on a recognized exchange may not be purchased without the approval of the Finance Committee.

5. The following transactions are prohibited: purchase of non-negotiable securities, short sales and selling on margin.

6. Both separate accounts and commingled vehicles (Mutual Funds, ETFs and Limited Partnerships) may be used. Although separate accounts are preferred, commingled vehicles will be made where appropriate (i.e., Emerging Markets -where trade execution in a stand-alone account is difficult -or Index Funds). When commingled vehicles are used, preference should be given to those that reduce the possibility of the Foundation incurring Unrelated Business Income Tax ("UBIT"), such as through the use of offshore investment vehicles.

7. Real estate investments are limited to publicly traded Real Estate Investment Trusts (REITs) and mutual funds. Direct real estate ownership for investment purposes is not allowed unless specifically authorized by the Finance Committee

MANAGER GUIDELINES

Investments may be actively or passively managed. Active management will focus on markets which are deemed to be least efficient, thus offering active managers the highest probability of success.

1. Active Management

   a. Active managers will be chosen where it is believed that the manager has a high probability of outperforming the absolute return target and/or the passive index over a market cycle.

   b. Characteristics targeted in active managers include: focused portfolios (generally less than 50 stocks); a bottom-up, intrinsic-value approach to security analysis; low portfolio turnover; demonstrated success in executing investment discipline; and alignment of interests with clients.

2. Passive Management

   a. Passive management may be utilized in more efficient asset classes where the value added by active management is limited, such as domestic large-cap equity.

b. Index funds will be chosen based on their ability to track the respective asset class index and their expense ratios. Sector- or style-based index funds may be used when they are believed to have a high probability of outperforming the core index of the asset class.

3. Manager Standards of Performance

Active managers will be evaluated based on a combination of quantitative and qualitative factors. The manager's strategy should also complement other active managers in the portfolio.

Quantitative factors will include performance and risk-adjusted returns over various time periods, with longer time periods receiving greater weight. Active managers will be evaluated against the relative index deemed most appropriate for the manager's investment strategy, as well as the absolute return target for the asset class.

The Finance Committee has delegated to the OCIO the right to hire, retain and dismiss active managers and to hold regular meetings with active managers to assess various qualitative and quantitative factors used to make a performance assessment of managers. Any concerns relative to the evaluation of an individual manager based on these fundamental factors will be communicated to the Finance Committee in a timely manner.

Acceptance Agreement

The Statement of Investment Policy is adopted for Department for the Blind and Visually Impaired.

______________________________ ____________________

(Committee Signature, Title) (Date)

Wells Fargo acknowledges the Investment Policy Statement as outlined in this document and agrees to implement the objectives stated in the document on an ongoing basis.

______________________________ ____________________

[UPDATE SIGNATURE NAME] (Olu Rosanwo) (Date)

WELLS FARGO

The Private Bank

Investment Performance Statement for Virginia Dept for the Blind & Vision Impaired July 31, 2024

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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Asset Allocation

Actual Versus Target Asset Allocation as of July 31, 2024

Asset Class	Actual Market Value	Target Market Value	$ Difference	Actual Percent	Target Percent	% Difference
Cash Alternatives	120,104	122,148	-2,044	2%	2%	0%
Fixed Income	2,380,797	2,504,042	-123,245	39%	41%	-2%
Equities	3,492,465	3,359,081	133,384	57%	55%	2%
Real Assets	114,054	122,148	-8,095	2%	2%	0%
Total Portfolio	**6,107,420**	**6,107,420**	**0**	**100%**	**100%**	**0%**

Cash Flow Summary

Portfolio Statement of Changes Periods Ended July 31, 2024

Portfolio Categories	Year To Date	Since Inception (12/08/2021)
Beginning Portfolio Value	**5,899,574**	**0**
Income	94,080	401,571
Net Contribution	-234,503	5,765,486
Fees And Expenses	-19,500	-76,769
Change In Market Value	367,769	17,132
Ending Portfolio Value	**6,107,420**	**6,107,420**
Investment Gain	**442,349**	**341,934**

Investment Gain equals the sum of Income, Management Fees, Other Expenses, and Change In Market Value. Income is reported net of foreign withholding taxes.

Investment Performance

Consolidated Performance Summary

Asset Classes	Current Month	Last 3 Months	Year to Date	1 Year	Since Inception
Cash Alternatives	**0.39%**	**1.19%**	**2.86%**	**5.12%**	**3.32%**
BB US Treasury 1-3M	*0.45*	*1.36*	*3.14*	*5.51*	*3.79*
Fixed Income	**2.16**	**4.65**	**2.98**	**7.68**	**-1.23**
BB US Agg Bond TR	*2.34*	*5.06*	*1.61*	*5.1*	*-2.66*
Equities	**2.23**	**7.64**	**11.76**	**16.24**	**4.5**
MSCI ACWI NR	*1.61*	*8.09*	*13.1*	*17.02*	*4.78*
Real Assets	**-3.69**	**-3.31**	**1.05**	**-5.47**	**1.99**
50% FTSE E/N Dev TR 50% BB COM	*1.02*	*3.14*	*2.06*	*1.91*	*-0.85*
Total Portfolio	**1.97%**	**5.88%**	**7.53%**	**11.66%**	**2.07%**
Client Custom Benchmark	*1.87%*	*6.61%*	*7.88%*	*11.50%*	*1.65%*

*Market Values and performance for illiquid assets may lag up to 90 days.

Policy Benchmark Over Time

Total Portfolio Client Custom Benchmark

12/31/2021 - Present

55%	MSCI AC World NR USD
41%	Bloomberg US Agg Bond TR USD
2%	67% FTSE E/N Dev NR/33% BB Commodity TR
2%	USTREAS T-Bill Cnst Mat Rate 3 Mon

Market Commentary

As of July 31, 2024

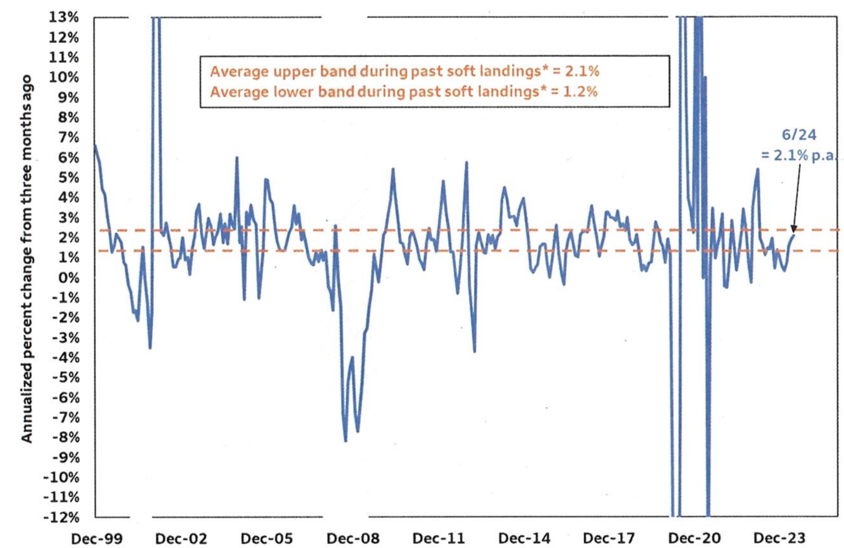
U.S. economic overview

Economic-growth slowdown and recession fears

The U.S. economy is joining a global economic-growth slowdown already underway in Europe and China. We believe the risk of heightened financial volatility from varying policy responses by the Federal Reserve (Fed) and foreign central banks likely will be contained by more uniformly accommodative policies (outside Japan) as the slowdown works its way through labor markets and inflation. Recession worries in the U.S. have been built on disappointing top-tier employment and manufacturing activity early in the third quarter, abruptly reversing optimism responding to surprisingly strong second-quarter GDP (gross domestic product) growth of 2.8%. We believe expansion-like job growth and a historically low unemployment rate in July more likely signaled an end to post-COVID catch-up hiring than an approaching recession.

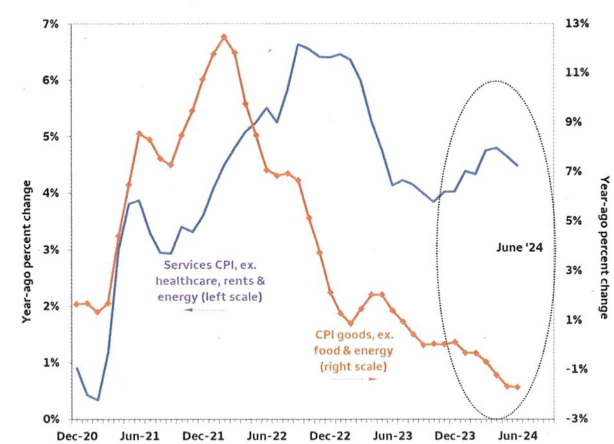
The outlook is being clouded by unevenness between manufacturing and services activity, upper- and lower-income household finances and spending, and varying liquidity conditions facing consumers and small-businesses compared with other parts of the economy. Any near-term rebalancing likely will come from cascading economic weakness, undercutting pockets of strength. Economic imbalances have extended to Consumer Price Index (CPI) inflation, down to 3% in June on steep deflation in parts of the index alongside increased pressure on medical care, insurance, and other hot spots limiting improvement in non-rental services inflation. Declining prices for discretionary goods and services (centered on travel) since early this year has added to evidence of softening economic activity. The Personal Consumption Expenditures (PCE) deflator, the Fed's preferred inflation gauge, was even lower at 2.5% mid-year, within shouting distance of the central bank's 2% target and supporting imminent rate-cutting by the Fed.

NBER activity index near the top of its soft-landing band



Estimated soft landings include May-July 1967, June-July 1986, and March-April 1995. Shaded areas denote recessionary periods. Sources: Wells Fargo Investment Institute, National Bureau of Economic Research (NBER). Data as of August 2, 2024.

Services inflation still hot, goods not



Sources: Wells Fargo Investment Institute and Bureau of Labor Statistics. Data as of July 11, 2024.

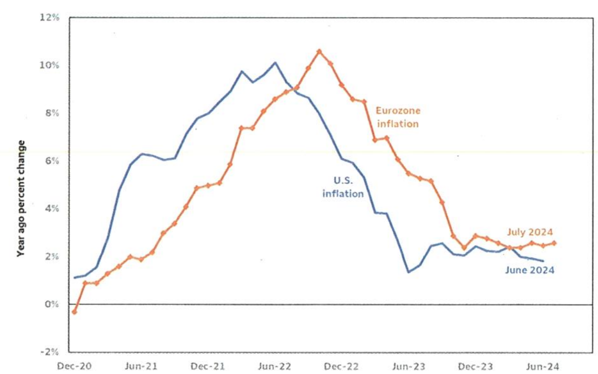
International economic overview

Upside-down Europe and weaker China

Europe

The global growth slowdown has hit parts of trade-dependent Europe particularly hard, contributing to unbalanced growth between manufacturing declines and modest growth in services activity in the region. Eurozone growth lost a step in the second quarter on an unexpected contraction in top-ranked Germany. The manufacturing-services imbalance has reflected a split personality between the industrial north and more services-oriented south, powered by the boom in global tourism propelling household income growth and the area's property market. Political turbulence has subsided, but needed fiscal restraint to contain outsized deficits is hampering growth. Moreover, weak or weakening demand in key export markets in China and, more recently, the U.S., is affecting overseas sales and local production in Europe's manufacturing centers. Weighed against these headwinds is support from inflation's gradual decline, supporting interest-rate cuts by the European Central Bank and gains in household purchasing power from relatively strong wage increases.

U.S. CPI Inflation running below the eurozone rate by international standards



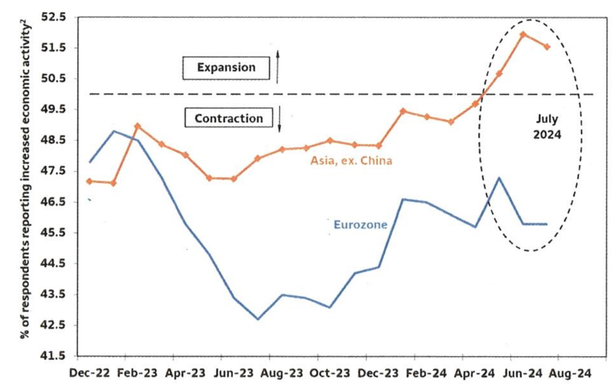
1. Based on the harmonized index of consumer prices (HICP).

Sources: Wells Fargo Investment Institute, OECD, and Eurostat. Data as of July 31, 2024.

Asia

Emerging Asia continues to struggle with modest economic growth into the third quarter, restrained by virtually flat manufacturing and services activity in China along with slowing growth in the U.S. and other key export markets. Taiwan has had greater success than South Korea in supporting growth through semiconductor and other tech exports, though both economies are bracing for stricter U.S. rules governing chip exports to China. Vietnam and Thailand are leading modest economic growth in Southeast Asia as manufacturing gradually stabilizes. Japanese growth mirrors Europe, as services industries propelled by a global boom in tourism mask declines in manufacturing hurt by tepid global trade. Elsewhere, India remains the star performer in the more broadly defined Asia region, supported by near boomlike conditions in services and manufacturing.

Services inflation still hot, goods not



2. Based on the purchasing managers' manufacturing activity index. Sources: Wells Fargo Investment Institute and S&P Global, Inc.

Data as of August 1, 2024

Stock market review and strategy

Mixed equity performance amid mega-cap outperformance

U.S. equities: Stocks rallied in July with U.S. small caps (+10.2%) besting U.S. mid caps (+4.7%) and U.S. large caps (+1.2%). This was the largest monthly performance disparity of small caps over large caps since the year 2000. Small caps were spurred on by better-than-expected CPI data and dovish comments from Fed Chair Jerome Powell, suggesting rate cuts in the near-term. Mixed earnings outlooks and political events also played a role in large-cap underperformance. In a sharp reversal from previous months, the S&P 500 Index heavily underperformed as many of the large-cap behemoths that drove recent outperformance turned lower on the month. The Information Technology (-2.1%), and Communication Services (-4.0%) sectors lagged, while the Utilities (+6.8%) and Real Estate (+7.2%) sectors led as interest rates declined. All the sectors in the Russell 2000 Index posted positive returns with the Financials (+16.6%) and Telecommunications (+23.0%) sectors leading, while the Energy (+5.7%) and Technology (+3.9%) sectors lagged on a relative basis. Within the Russell Midcap Index, the Financials (+7.9%) and Telecommunications (+14.8%) sectors led, while the Consumer Discretionary (+2.5%), Energy (+2.4%), and Technology (0.0%) sectors lagged on a relative basis.

International equities: U.S. dollar-denominated developed market (DM) equities (+2.9%) outperformed emerging market (EM) equities (+0.4%) last month. The currency conversion into U.S. dollars boosted DM returns as the dollar broadly weakened relative to other developed market currencies. Within DM, the Pacific region (+4.5%), continued to outperform the Europe region (+2.2%). In the Pacific, Singapore (+3.0%) and Japan (+5.8%) outperformed while Hong Kong (+0.4%) underperformed. In Europe, Ireland (+10.5%) and Belgium (+6.9%) outperformed while Denmark (-4.1%) and the Netherlands (-4.9%) underperformed. Regarding EM, the Europe, Middle East, and Africa (+3.7%) region outperformed both the Latin America (+1.1%) and Asia (-0.2%) regions. Strong returns in the United Arab Emirates (+6.8%) and South Africa (+5.2%) drove Europe, Middle East, and Africa outperformance. The poor Asia returns were primarily driven by Taiwan (-4.1%), China (-1.2%), and South Korea (-0.5%). In the Latin America region, Brazil (+1.3%) outperformed, while Chile (-0.5%) was a major return detractor.

Stock market total returns Period ending July 31, 2024**

Equity indexes	July	QTD	YTD	1 Year	3 Year*	5 Year*
Global Market	1.6%	1.6%	13.4%	17.6%	6.3%	11.6%
Large Cap	1.2%	1.2%	16.7%	22.1%	9.6%	15.0%
Large Cap Growth	-1.7%	-1.7%	18.6%	26.9%	9.5%	18.4%
Large Cap Value	5.1%	5.1%	12.1%	14.8%	7.0%	9.9%
Mid Cap	4.7%	4.7%	9.9%	13.7%	3.7%	10.2%
Small Cap	10.2%	10.2%	12.1%	14.3%	1.9%	8.9%
Developed ex. U.S. (USD)	2.9%	2.9%	8.9%	11.8%	4.2%	7.9%
Developed Small Cap (USD)	5.7%	5.7%	6.6%	9.6%	-1.6%	6.0%
Emerging Markets (USD)	0.4%	0.4%	8.1%	6.7%	-2.3%	3.8%
Frontier Markets (USD)	1.9%	1.9%	8.3%	7.4%	-2.1%	2.4%

S&P 500 Index sector returns

Sources: Bloomberg and Wells Fargo Investment Institute. Data as of July 31, 2024. QTD = quarter-to-date. YTD = year-to-date.

*Annualized returns. **Index returns do not reflect the deduction of fees, expenses or taxes. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please refer to the end of the report for index definitions..

3. Regional and country returns are measured using the total U.S. dollar returns of their respective MSCI Index. Please refer to the end of the report for index definitions.

Bond market review and strategy

Slowing economy, stable inflation, Fed cuts expected soon

U.S. fixed income:

Inflation remained on a downward trend while some economic softening became apparent, which helped U.S. Treasury yields move lower. Investor optimism toward Fed rate cuts increased notably, with markets pricing in rate cuts at each of the Fed's three remaining meetings this year. The U.S. Treasury yield curve remains inverted, and last May it broke the previous continuous period of inversion record set in the late 1970s (624 days). Investor appetite for credit exposure was moderate in July. U.S. investment-grade (IG) corporate fixed income (+2.4%) outperformed high-yield (HY) taxable fixed income (+1.9%) as HY tends to be less interest-rate sensitive. Credit spreads for both HY and IG rose during the month. Still, both spreads continued to trade below long-term averages. We recommend maintaining a neutral position on IG corporates, particularly for investors seeking income potential. Municipal bond yields fell across the curve over the month. Overall municipal bond performance was positive (+0.9%) as a result. The municipal yield curve remains inverted (10-year minus 1-year) alongside the inversion of the U.S. Treasury yield curve. We remain favorable on municipal bonds, both essential revenue and general obligation bonds, as they have historically been resilient during periods of economic uncertainty. For investors in higher effective tax brackets, we believe municipal securities are an important part of fixed-income positioning.

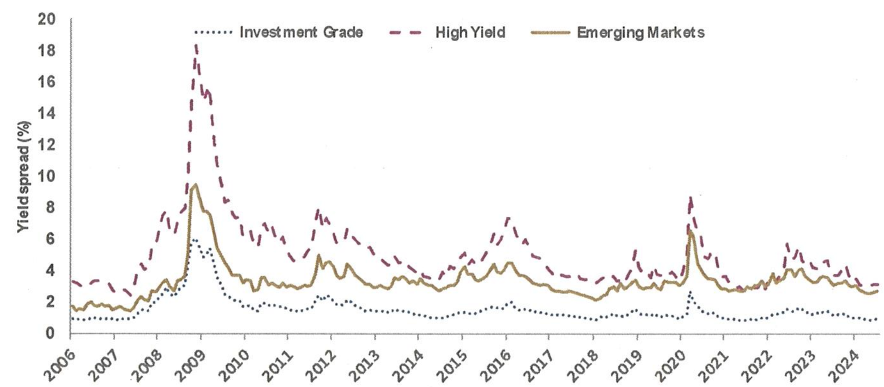
International fixed income:

Unhedged DM bond returns (+4.2%) rose as the yen and euro gained against the U.S. dollar in July. Hedged DM bonds[4] rose (+1.6%) but were impacted by the lack of currency returns. Japanese bonds saw the highest return, driven by favorable movements in the yen, while Italian and Spanish bonds saw the largest gains in local currency terms. Stronger EM foreign exchange rates against the U.S. dollar impacted local-currency-denominated EM bonds[5], which rose in July. Dollar-denominated EM bonds benefited from falling U.S. yields and ended the month higher by 1.8%. Performance was strong for most EM countries, with Saudi Arabia and Mexico being the largest return contributors. Argentina saw a very slight rebound following a poor June.

Fixed Income market total returns Period ending July 31, 2024**

Fixed Income indexes	July	QTD	YTD	1 Year	3 Year*	5 Year*
Global Multiverse	2.7%	2.7%	-0.3%	3.3%	-4.8%	-1.3%
U.S. Inv Grade Taxable	2.3%	2.3%	1.6%	5.1%	-2.6%	0.2%
U.S. Treasury Bills	0.4%	0.4%	3.1%	5.5%	3.3%	2.2%
U.S. Short-Term Taxable	1.2%	1.2%	2.6%	5.7%	0.9%	1.4%
U.S. Interm-Term Taxable	2.4%	2.4%	2.2%	5.9%	-1.8%	0.6%
U.S Long-Term Taxable	3.3%	3.3%	-0.9%	2.3%	-8.6%	-1.9%
U.S. Treasury	2.2%	2.2%	1.3%	4.1%	-3.0%	-0.2%
U.S. Corporate	2.4%	2.4%	1.9%	6.8%	-2.7%	1.0%
U.S. Municipal	0.9%	0.9%	0.5%	3.7%	-0.9%	1.2%
U.S. TIPS	1.8%	1.8%	2.5%	4.4%	-1.6%	2.4%
U.S. High Yield	1.9%	1.9%	4.6%	11.1%	2.2%	4.2%
Developed ex. U.S. (unhedged)	4.2%	4.2%	-4.3%	-1.3%	-9.8%	-4.8%
Emerging Market (USD)	1.8%	1.8%	3.7%	8.6%	-1.8%	0.4%

Credit spreads to Treasury Securities



Sources: Bloomberg and Wells Fargo Investment Institute. Data as of July 31, 2024. QTD = quarter-to-date. YTD = year-to-date.

*Annualized returns. **Index returns do not reflect the deduction of fees, expenses or taxes. An index is unmanaged and not available for direct investment. Past performance is no guarantee of future results. Please see disclosures at the end of the report for index definitions. 13. As measured by the JPMorgan GBI Global ex-US (Hedged) Index. 14. As measured by the JPMorgan GBI-EM Global Composite (Unhedged) Index.

Real Assets review and strategy

Potential supply increases and Chinese uncertainty

Master limited partnerships (MLPs): MLPs slightly underperformed the broader market in July, with a +0.6% total return (as measured by the Alerian MLP Index) versus a +1.2% return for the S&P 500 Index.

Commodities: **Energy:** The Bloomberg Commodity Energy Subindex's performance was down 7.6% in July, underperforming the BCOMTR. WTI and Brent crude prices weakened by 4.5% and 6.6%, respectively. Concerns over China's economy, and OPEC+'s (Organization of the Petroleum Exporting Countries and their allies) plan to unwind a portion of its production cuts later this year weighed on oil's performance. We believe demand strength from the U.S. driving season and emerging market demand growth will help offset some weakness and support prices. Additionally, OPEC+'s commitment to maintaining relatively high oil prices will further support the global supply and demand balance. OPEC+ members have stated that their production policy is conditional, and if they proceed, the group plans to take a cautious approach to slowly raise production incrementally. **Metals:** Precious metals outperformed the BCOMTR with a +2.7% return in July, while gold prices rose 3.7% and silver prices fell by 1%. Gold's performance in 2024 has been driven by robust purchases from central banks, consumer demand, and geopolitical tensions. In addition to already strong fundamentals, we suspect that Fed interest rate cuts later this year will further support demand. Industrial metals were down by 6.8% in July, underperforming BCOMTR. Prices appear to be consolidating after rallying earlier this year, driven by supply constraints and expectations for improvements in China's economy. In our view, though, China's economy still faces a fragile property sector along with weak manufacturing activity, which will limit price gains. **Agriculture:** Agricultural commodity prices were down by 4.8% in July, underperforming the BCOMTR, with a majority of the index showing negative returns. Coffee was the top performer (+0.1%), while soybean (-10.6%) was the worst. We caution that adequate supply growth and an easing of supply-chain disruptions appear to be strong headwinds for prices.

Real Assets total returns*   Period ending July 31, 2024

REIT/Commodity indexes	July	QTD	YTD	1 Year	3 Year*	5 Year*
Public Real Estate	6.1%	6.1%	2.7%	8.0%	-3.2%	1.4%
U.S. REITs	7.2%	7.2%	4.8%	11.1%	-0.8%	4.5%
International REITs	5.8%	5.8%	-1.7%	4.1%	-8.0%	-2.4%
S&P Goldman Sachs Commodity (GSCI)	-3.5%	-3.5%	7.2%	0.2%	10.8%	7.6%
Bloomberg Commodity	-4.0%	-4.0%	0.9%	-5.2%	3.6%	6.5%
Commodities (RICI)	-4.2%	-4.2%	3.1%	-2.1%	8.3%	9.9%
Global Infrastructure	4.4%	4.4%	8.6%	9.5%	6.8%	5.7%
MLPs	0.6%	0.6%	18.4%	29.0%	25.7%	12.4%

Crude oil versus gold

Sources: Bloomberg and Wells Fargo Investment Institute. Data as of July 31, 2024.REITs = real estate investment trusts. QTD= quarter-to-date. YTD= year-to-date.

*Annualized returns. **Index returns do not reflect the deduction of fees, expenses or taxes. An index is unmanaged and not available for direct investment. Past performance is no guarantee of future results. Please see disclosures at the end of the report for index definitions.

Alternatives review and strategy

Equities, rates, and currencies impacted alternatives

Relative Value: Relative Value strategies registered a gain of 0.8% for the month, with positive contributions from Structured Credit, Long/Short Credit, and Arbitrage strategies. Elevated security dispersion continued to benefit many Relative Value managers.

Macro: Macro strategies retreated by 1.0% in July. Systematic strategies declined by 1.5% for the month, driven by losses across currency, fixed income, and energy holdings. Short positions in fixed income and long U.S. dollar holdings were unprofitable, owing to interest rate declines and a depreciating U.S. dollar. Long crude oil holdings were negatively impacted by weak economic growth in China and moderating manufacturing and consumption data globally. However, long equity positions and short agricultural commodity holdings helped offset part of the losses. During the month, the strategies increased long positions in equities and re-established long fixed income holdings. Systematic strategies also maintained short agricultural commodities positions and scaled back long holdings in the U.S. dollar, energy, and metals. For the month, Discretionary strategies posted a gain of 1.1%.

Event Driven: Event Driven registered a +2.5% return for July. All strategies, including Activist, Merger Arbitrage, and Distressed Credit recorded gains. Deal completions and tightening spreads underpinned Merger Arbitrage's accretive performance, and equity market gains supported Activist strategies.

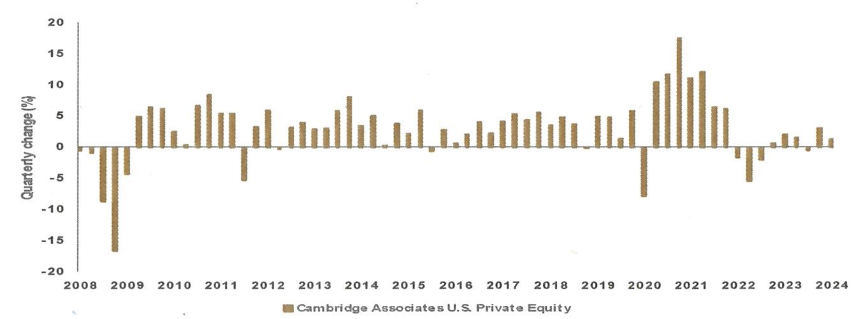
Equity Hedge: Equity Hedge strategies posted a 1.4% gain in July and performed similarly to the MSCI All Country World Index. The accretive return was driven by both broad equity market exposure and security selection gains. Throughout the month, the strategies paired back exposures to the U.S. and Emerging Markets. Equity Hedge strategies also rebalanced into Consumer Discretionary and Communication Services sectors from Technology, cyclical and defensive sectors. Equity Market Neutral strategies registered a loss of 0.5% for the month.

market sentiment grows, we expect the environment for Directional Equity strategies to turn more constructive.

Alternatives total returns Period ending July 31, 2024**

Alternative indexes	July	QTD	YTD	1 Year	3 Year*	5 Year*
Global Hedge Fund	0.8%	0.8%	6.0%	8.9%	3.5%	6.8%
Relative Value	0.8%	0.8%	4.9%	8.4%	4.1%	4.7%
Arbitrage	0.8%	0.8%	3.8%	8.1%	3.4%	4.9%
Long/Short Credit	1.1%	1.1%	6.1%	10.1%	3.0%	5.0%
Structure Credit/Asset Backed	0.8%	0.8%	5.3%	8.9%	4.8%	4.3%
Macro	-1.0%	-1.0%	4.4%	4.2%	4.3%	5.2%
Systematic	-1.5%	-1.5%	5.2%	3.8%	4.1%	4.5%
Discretionary	1.1%	1.1%	4.2%	7.9%	2.9%	5.9%
Event Driven	2.5%	2.5%	5.4%	11.1%	4.1%	6.7%
Activist	7.1%	7.1%	7.9%	11.1%	3.1%	7.6%
Distressed Securities	1.8%	1.8%	5.7%	11.9%	4.6%	6.9%
Merger Arbitrage	2.5%	2.5%	2.8%	8.7%	4.7%	5.9%
Equity Hedge	1.4%	1.4%	7.6%	10.7%	2.8%	8.1%
Directional Equity	1.5%	1.5%	7.7%	10.7%	2.6%	8.4%
Equity Market Neutral	-0.5%	-0.5%	5.7%	10.4%	4.9%	4.0%

Private Capital Index Returns



Sources: 2024 – Morningstar Direct, All Rights Reserved1, Cambridge Associates, and Wells Fargo Investment Institute. Data as of July 31, 2024. Cambridge Associates data through December 31, 2024. QTD = quarter-to-date. YTD = year-to-date.

*Annualized returns. **Index returns do not reflect the deduction of fees, expenses or taxes. Performances for the most recent month are preliminary from HFR. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Please see disclosures at the end of the report for index definitions.

Disclosures

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Due to the unique characteristics of private equity assets (PE), including irregular cash flows and lack of reinvestment options, performance measurement is better assessed through different methods than those typically used for more liquid asset classes (which use time weighted metrics) as such methods may not provide representative PE performance. In practice, PE funds are typically long-lived and interim estimates of returns must be based on implicit assessments of expected future cash flows. In order to more effectively gauge performance, PE generally uses two principal cash flow based performance indicators where capital calls, capital reimbursement and profit distributions are the basis for calculation: the internal rate of return "IRR" and the presentation of investment "multiples". Internal rate of return (IRR) is a dollar-weighted metric and measures the rate of return specific to your position. It takes into consideration the timing and value of all deposits and distributions made, is intended to measure the performance of dollars actually invested, and is based on beginning and ending balances for the specified time period. Multiples are calculated as the ratio of cash paid out (distributions) to total funds supplied (drawdowns or capital calls), but do not take into account the timing of the cash flows.

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The "Performance" sections show performance for the portfolio and for your individual accounts. Return figures shown may not reflect fees and expenses, which, if applied, would result in lower return figures than shown. Net of fees returns may be impacted based on fee payment election method. Performance "net of fees" is lower than performance gross of fees. It is lower because it reflects the deduction of the fees actually charged to each account. The Bank fees charged to accounts are stated in your Terms and Condition and Fee Schedule. The performance of individual managers, indexes and markets for periods after any period shown may differ substantially from the period shown. Neither WFB nor Informa Investment Solutions undertake to make available updated information for any periods after those included in the report. Past performance does not guarantee future results. Performance returns greater than one year are annualized.

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Risk Considerations

All investing involves some degree of risk, whether it is associated with market volatility, purchasing power or a specific security. There is no assurance any investment strategy will be successful. Asset allocation does not guarantee a profit nor does diversification protect against loss.

Alternative Investments

Alternative investments, such as hedge funds, funds of hedge funds, managed futures, private capital, real assets and real estate funds, are not suitable for all investors. They are speculative, highly illiquid, and are designed for long-term investment, and not as trading vehicle. These funds carry specific investor qualifications which can include high income and net-worth requirements as well as relatively high investment minimums. The high expenses associated with alternative investments must be offset by trading profits and other income which may not be realized. Unlike mutual funds, alternative investments are not subject to some of the regulations designed to protect investors and are not required to provide the same level of disclosure as would be received from a mutual fund. They trade in diverse complex strategies that are affected in different ways and at different times by changing market conditions. Strategies may, at times, be out of market favor for considerable periods with adverse consequences for the fund and the investor. An investment in these funds involve the risks inherent in an investment in securities and can include losses associated with speculative investment practices, including hedging and leveraging through derivatives, such as futures, options, swaps, short selling, investments in non-U.S. securities, "junk" bonds and illiquid investments. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. At times, a fund may be unable to sell certain of its illiquid investments without a substantial drop in price, if at all. Other risks can include those associated with potential lack of diversification, restrictions on transferring interests, no available secondary market, complex tax structures, delays in tax reporting, valuation of securities and pricing. An investment in a fund of funds carries additional risks including asset-based fees and expenses at the fund level and indirect fees, expenses and asset-based compensation of investment funds in which these funds invest. An investor should review the private placement memorandum, subscription agreement and other related offering materials for complete information regarding terms, including all applicable fees, as well as the specific risks associated with a fund before investing.

Commodities

Investing in commodities, futures, and managed futures is not suitable for all investors. Exposure to the commodities markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. The prices of various commodities may fluctuate based on numerous factors including changes in supply and demand relationships, weather and acts of nature, agricultural conditions, international trade conditions, fiscal monetary and exchange control programs, domestic and foreign political and economic events and policies, and changes in interest rates or sectors affecting a particular industry or commodity. Products that invest in commodities may employ more complex strategies which may expose investors to additional risks, including futures roll yield risk.

Equities

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities. There is no guarantee that dividend-paying stocks will return more than the overall stock market. Dividends are not guaranteed and are subject to change or elimination.

Fixed Income

Investments in fixed-income securities are subject to market, interest rate, credit and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and/or principal. This risk is heightened in lower rated bonds. 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.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT). High-yield bonds, also known as junk bonds, are subject to greater risk of loss of principal and interest, including default risk, than higher-rated bonds. Investors should not place undue reliance on yield as a factor to be considered in selecting a high yield investment.

Private Equity

Private equity investments are complex, speculative investment vehicles that are not required to provide investors with periodic pricing or valuation and are not subject to the same regulatory requirements as mutual funds. An investment in a private equity fund involves the risks inherent in an investment in securities, as well as specific risks associated with limited liquidity, the use of leverage and illiquid investments.

Private Real Estate

Investment in real estate securities include risks, such as the possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions.

Foreign Securities

Investing in foreign securities presents certain risks not associated with domestic investments, such as 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.

Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

Asset class risks

Alternative Investments, such as hedge funds and private capital funds, are not appropriate for all investors. They are speculative and involve a high degree of risk that is 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.

Hedge funds trade in diverse complex strategies that are affected in different ways and at different times by changing market conditions. Strategies may, at times, be out of market favor for considerable periods with adverse consequences for the investor. Arbitrage strategies expose a fund to the risk that the anticipated arbitrage opportunities will not develop as anticipated, resulting in potentially reduced returns or losses to the fund. Relative Value strategies seek to make profits by arbitrage opportunities between two related securities. These arbitrage opportunities might come in the way of pricing discrepancies between two securities or between securities and derivative instruments. Event Driven strategies involve investing in opportunities created by significant transactional events, such as spinoffs, mergers and acquisitions, bankruptcy reorganization, recapitalization and share buybacks. Managers who use such strategies may invest in, and might sell short, the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation. Equity Hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. Investing in Distressed companies is speculative and subject to greater levels of credit, issuer and liquidity risks and the repayment of default obligations contains significant uncertainties such companies may be engaged in restructurings or bankruptcy proceedings. Macro strategies base their investment decisions on the anticipated price movement of stock markets, interest rates, foreign exchange, and physical commodities. These price movements result from many factors including forecasted shifts in world economies. Exchange-traded and over-the-counter derivatives are often used to magnify these price movements. The fixed income securities used in the structured credit relative value strategy may include CMBS, RMBS, ABS CLOs and other debt securities. They are subject to security-specific risks in addition to the risks associated with fluctuations in interest rates, credit/default, liquidity and forced deleveraging.

Long/short credit strategies invest in the global credit markets which may be volatile. The risks associated with this strategy include investments in debt securities and the use of short selling and derivatives.

Private capital investments are complex, speculative investment vehicles that are not appropriate for all investors. The funds use complex trading strategies, including hedging and leveraging through derivatives and short selling and other aggressive investment practices. It is possible to lose your entire investment investing in these funds. 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. Short selling involves leverage and theoretically unlimited loss potential since the market price of securities sold short may continuously increase.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities. Small and Mid-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks. Small- and mid-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks. Growth stocks may be more volatile than other stocks and there is no guarantee growth will be realized. There are no guarantees that value stocks will increase in value or that their intrinsic values will eventually be recognized by the overall market. Both growth and value types of investing tend to shift in and out of favor.

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.

Investments in fixed-income securities are subject to interest rate and credit risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. 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. 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.

U.S. government securities are backed by the full faith and credit of the federal government as to payment of principal and interest. Unlike U.S. government securities, agency securities carry the implicit guarantee of the U.S. government but are not direct obligations. Payment of principal and interest is solely the obligation of the issuer. If sold prior to maturity, both types of debt securities are subject to market risk. Although Treasuries are considered free from credit risk they are subject to other types of risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate.

Municipal bonds offer interest payments exempt from federal taxes, and potentially state and local income taxes. These bonds are subject to interest rate and credit/default risk. Quality varies widely depending on the specific issuer. 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.

Treasury Inflation-Protected Securities (TIPS) are subject to interest rate risk, especially when real interest rates rise. This may cause the underlying value of the bond to fluctuate more than other fixed income securities.

Mortgage- and asset-backed securities are subject to the risks associated with debt securities and to prepayment, extension and call risks. Changes in prepayments may significantly affect yield, average life and expected maturity. Extension risk is the risk that rising interest rates will slow the rate at which mortgages are prepaid. Call risk is the risk that If called prior to maturity, similar yielding investments may not be available for the Fund to purchase. These risks may be heightened for longer maturity and duration securities.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. These risks are heightened in emerging and frontier markets.

Currency risk is the risk that foreign currencies will decline in value relative to that of the U.S. dollar. Exchange rate movement between the U.S. dollar and foreign currencies may cause the value of a portfolio's investments to decline.

Exposure to the commodities markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Investing in precious metals involves special risk considerations such as severe price fluctuations and adverse economic and regulatory developments which could materially and adversely affect an investment.

Investing in physical commodities, such as gold, silver, palladium and other precious metals, exposes a portfolio to material risk considerations such as potentially severe price fluctuations over short periods of time and storage costs that exceed the custodial and/or brokerage costs associated with a portfolio's other holdings.

Investment in securities of Master Limited Partnerships (MLPs) involves certain risks which differ from an investment in the securities of a corporation. MLPs may be sensitive to price changes in oil, natural gas, etc., regulatory risk, and rising interest rates. A change in the current tax law regarding MLPs could result in the MLP being treated as a corporation for federal income tax purposes which would reduce the amount of cash flows distributed by the MLP. Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from Net Asset Value and other material risks.

There are special risks associated with an investment in real estate, including the possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Other risks associated with investing in listed REITs include the use of leverage, unexpected reductions in common dividends, increases in property taxes, and the impact to listed REITs from new property development.

Index definitions

Broad-based indexes are unmanaged and not available for direct investment.

Allocation Compositions (Slide 2)

Moderate Income Liquid is composed of: 2% Bloomberg U.S. Treasury Bills (1–3 Month) Index, 60% Bloomberg U.S. Aggregate Bond Index, 4% Bloomberg U.S. Corporate High Yield Bond Index, 5% JPM EMBI Global Index, 16% S&P 500 Index, 5% Russell Midcap Index, 2% Russell 2000 Index, 4% MSCI EAFE Index, 2% Bloomberg Commodity Index. U.S. Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

Moderate Growth & Income Liquid is composed of: 2% Bloomberg U.S. Treasury Bills (1–3 Month) Index, 30% Bloomberg U.S. Aggregate Bond Index, 6% Bloomberg U.S. Corporate High Yield Bond Index, 5% JPM EMBI Global Index, 24% S&P 500 Index, 10% Russell Midcap Index, 6% Russell 2000 Index, 8% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 4% Bloomberg Commodity Index. U.S. Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

Moderate Growth Liquid is composed of: 2% Bloomberg U.S. Treasury Bills (1–3 Month) Index, 8% Bloomberg U.S. Aggregate Bond Index, 3% Bloomberg U.S. Corporate High Yield Bond Index, 31% S&P 500 Index, 14% Russell Midcap Index, 10% Russell 2000 Index, 15% MSCI EAFE Index, 12% MSCI Emerging Markets Index, 5% Bloomberg Commodity Index. U.S. Investment Grade Fixed Income encompasses the allocations to Short Term, Intermediate Term, and Long Term.

Equities (Slide 2)

Dow Jones Industrial Average is an unweighted index of 30 "blue-chip" industrial U.S. stocks.

NASDAQ Composite Index measures the market value of all domestic and foreign common stocks, representing a wide array of more than 5,000 companies.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index.

Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell MidCap Index measures the performance of the 800 smallest companies in the Russell 1000 Index.

Russell MidCap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

Russell MidCap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.

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.

Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

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

MSCI EAFE Index (U.S Dollar) is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Market Index (U.S. Dollar) is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

<u>Fixed income (Slide 2)</u>

Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.

Bloomberg U.S. Treasury Bills (1–3 Month) Index includes public obligations of the U.S. Treasury with a remaining maturity of one year or more.

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

Bloomberg U.S. Intermediate Government/Credit Bond Index is the intermediate component of the Bloomberg U.S. Government/Credit Index which is generally representative of government and investment grade corporate debt securities.

Bloomberg U.S. Government/Credit Bond Index is a market-weighted index generally representative of intermediate and long-term government and investment grade corporate debt securities having maturities of greater than one year.

<u>Fixed income (Slide 2)</u>

Bloomberg U.S. Municipal Bond Index is an unmanaged index composed of long-term tax-exempt bonds with a minimum credit rating of Baa.

Bloomberg U.S. Corporate High Yield Bond Index covers the universe of fixed-rate, noninvestment-grade debt.

J.P. Morgan GBI (Global Bond Index) Global ex -U.S. (Unhedged) in USD is a representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

J.P. Morgan EMBI (Emerging Market Bond Index) Global (U.S. Dollar) 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.

<u>Real assets and hedge funds (Slide 2)</u>

HFRI Fund Weighted Composite Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

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

Bloomberg Commodity Index is comprised of 23 exchange-traded futures on physical commodities weighted to account for economic significance and market liquidity.

Economic indexes (Slides 3-4)

Consumer Price Index (CPI) produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

Eurostat Eurozone Monetary Union Index of Consumer Prices (MUICP) is an aggregate measure of consumer inflation for all countries within the eurozone.

Global Supply Chain Pressure Index integrates transportation cost data and manufacturing indicators to provide a gauge of global supply chain conditions.

JPMorgan Global Manufacturing PMI® is produced by S&P Global in association ISM and IFPSM. Global manufacturing PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in survey panels in over 40 countries (see table, right for full coverage), totalling around 13,500 companies. These countries account for 98% of global manufacturing value added.

Personal Consumption Expenditure (PCE) measure is the component statistic for consumption in gross domestic product (GDP). It is essentially a measure of goods and services targeted towards individuals and consumed by individuals.

University of Michigan Consumer Sentiment Index is published monthly by the University of Michigan. Each month at least 500 telephone interviews are conducted throughout the U.S. The Index of Consumer Sentiment is developed from these interviews.

Equities (Slide 5)

Global Market Equity: **MSCI AC World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed and 23 emerging markets.

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

Large Cap Growth Equity: **Russell 1000 Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **Russell 1000 Index** measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index. The **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Large Cap Value Equity: **Russell 1000 Value Index** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Mid Cap Equity**: Russell Midcap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Small Cap Equity: **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.

Developed Market ex. U.S. Equity: **MSCI EAFE Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 21 developed markets, excluding the US & Canada.

Equities (Slide 5)

Developed Small Cap Equities: The **MSCI EAFE Small Cap Index** is an equity index which captures small cap representation across Developed Markets countries around the world, excluding the US and Canada. With 2,282 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

Emerging Markets: **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of 23 emerging market countries.

Frontier Market Equity: **MSCI Frontier Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets.

MSCI Australia Index is designed to measure the performance of the large and mid cap segments of the Australia market.

MSCI China Index captures large and mid-cap representation across China H shares, B shares, Red Chips and P Chips.

MSCI Emerging Markets (EM) Asia Index captures large and mid cap representation across 8 Emerging Markets countries.

MSCI Emerging Markets EMEA Index captures large and mid cap representation across 11 Emerging Markets (EM) countries* in Europe, the Middle East and Africa (EMEA).

MSCI Emerging Markets (EM) Latin America Index captures large and mid cap representation across 5 Emerging Markets (EM) countries* in Latin America.

MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe.

MSCI Finland Index is designed to measure the performance of the large and mid cap segments of the Finnish equity market.

MSCI Hong Kong Index is designed to measure the performance of the large and mid-cap segments of the Hong Kong market.

MSCI India Index is designed to measure the performance of the large and mid cap segments of the Indian market.

MSCI Japan Index is a free-float weighted equity index composed of companies domiciled in Japan.

MSCI Netherlands Index is designed to measure the performance of the large and mid cap segments of the Netherlands market.

MSCI Pacific Index captures large and mid cap representation across 5 Developed Markets (DM) countries in the Pacific region.

MSCI Singapore Index is designed to measure the performance of the large and mid cap segments of the Singapore market.

MSCI South Africa Index is designed to measure the performance of the large and mid cap segments of the South African market.

MSCI Switzerland Index is designed to measure the performance of the large and mid cap segments of the Swiss market.

MSCI Turkey Index is designed to measure the performance of the large and mid cap segments of the Turkish market.

MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the UK market.

S&P 500 Communication Services Index comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector.

S&P 500 Consumer Discretionary Index comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector.

S&P 500 Consumer Staples Index comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.

S&P 500 Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

S&P 500 Financials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector.

S&P 500 Health Care Index comprises those companies included in the S&P 500 that are classified as members of the GICS® health care sector.

S&P 500 Industrials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials

sector.

S&P 500 Information Technology Index comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P 500 Materials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Real Estate Index comprises those companies included in the S&P 500 that are classified as members of the GICS® real estate sector.

S&P 500 Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS utilities sector.

S&P 500 Equal Weight Index is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

<u>Fixed Income (Slide 6)</u>

Global Multiverse Fixed Income: **Bloomberg Multiverse Index** provides a broad-based measure of the global fixed-income bond market. The index represents the union of the Global Aggregate Index and the Global High-Yield Index and captures investment grade and high yield securities in all eligible currencies.

U.S. Inv Grade Taxable Fixed Income: **Bloomberg U.S. Aggregate Bond Index** is composed of the Bloomberg Capital U.S. Government/Credit Index and the Bloomberg Capital U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities.

<u>Fixed Income (Slide 6)</u>

U.S. Treasury Bills Fixed Income: **Bloomberg U.S. Treasury Bills Index** includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 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 non convertible.

Short, Intermediate and Long Term Fixed Income: **Bloomberg U.S. Aggregate Bond Index** is made up of the Bloomberg U.S. Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million.

U.S. Treasury Fixed Income: **Bloomberg U.S. Treasury Index** includes public obligations of the U.S. Treasury with a remaining maturity of one year or more.

U.S. Corporate Fixed Income: **Bloomberg U.S. Corporate Bond Index** includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

U.S. Municipal Fixed Income: **Bloomberg U.S. Municipal Bond Index** represents municipal bonds with a minimum credit rating of at least Baa, an outstanding par value of at least $3 million, and a remaining maturity of at least one year. The Index excludes taxable municipal bonds, bonds with floating rates, derivatives, and certificates of participation.

U.S. TIPS Fixed Income: **Bloomberg Treasury Inflation Protected Securities (TIPS) Index** includes all publicly issued, investment-grade U.S. TIPS with an outstanding face value of more than $250 million and that have at least one year to maturity.

U.S. High Yield Fixed Income: **Bloomberg U.S. High Yield Bond Index** is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

***Developed ex. U.S. Fixed Income:* JPMorgan GBI Global ex-U.S. (Unhedged)** in USD is an unmanaged index market representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

***Emerging Market Fixed Income*: JP Morgan Emerging Markets Bond Index Global (EMBI Global),** which 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.

JPMorgan Non-U.S. Global Government Bond Index (Hedged) is a representative of the total return performance, on a hedged basis, of major non-U.S. bond markets. It is calculated in U.S. dollars.

J.P. Morgan GBI Emerging Markets Global Diversified (Local Currency) (USD Unhedged) tracks the performance of bonds issued by emerging market governments and denominated in the local currency of the issuer.

<u>Real Assets (Slide 7)</u>

***Public Real Estate:* FTSE/EPRA NAREIT Developed Index** is designed to track the performance of listed real estate companies and REITs worldwide.

***U.S. REITs*: FTSE NAREIT U.S. All Equity REITs Index** is designed to track the performance of REITs representing equity interests in (as opposed to mortgages) on properties. It represents all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets, other than mortgages secured by real property that also meet minimum size and liquidity criteria.

***International REITs:* FTSE EPRA/NAREIT Developed ex U.S. Index** is designed to track the performance of listed real estate companies in developed countries worldwide other than the U.S.

S&P Goldman Sachs Commodity Index (GSCI) is a composite index of commodity sector returns representing unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The index is includes futures contracts on 24 physical commodities of which Energy represents nearly 70%.

Bloomberg Commodity Index is comprised of 23 exchange-traded futures on physical commodities weighted to account for economic significance and market liquidity.

Bloomberg Commodity Energy Subindex is a commodity group subindex of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

Bloomberg Precious Metals Subindex is a commodity group subindex of the Bloomberg CITR. It is composed of futures contracts on gold and silver. It reflects the return on underlying commodity future price movements only and is quoted in USD.

***Commodities (RICI):* The Rogers International Commodity Index** is a U.S. dollar based index representing the value of a basket of commodities consumed in the global economy. Representing futures contracts on 37 physical commodities, it is designed to track prices of raw materials not just in the U.S. but around the world.

***Global Infrastructure*: S&P Global Infrastructure Index** provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation and energy.

***MLPs:* Alerian MLP Index** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

Bloomberg Agriculture Subindex Total Return Index reflects the returns of an index composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar, and wheat.

Bloomberg Energy Subindex Total Return Index reflects the returns of an index composed of futures contracts on crude oil, heating oil, unleaded gasoline, and natural gas.

Bloomberg Industrial Metals Subindex Total Return Index reflects the returns of an index composed of longer-dated future contracts on aluminum, copper, nickel, and zinc.

Bloomberg Precious Metals Subindex Total Return Index reflects the returns that are potentially available through an unleveraged investment in the futures contracts on precious metals commodities.

<u>Alternative Assets (Slide 8)</u>

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

Relative Value: **HFRI Relative Value Index:** maintains 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. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.

Arbitrage: **HFRI RV: Multi-Strategy Index:** multi-strategies employ an investment thesis predicated on realization of a spread between related yield instruments in which one or multiple components of the spread contains a fixed income, derivative, equity, real estate, MLP or combination of these or other instruments. Strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager.

Long/Short Credit: **HFRI Relative Value Fixed Income—Corporate Index.** Includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a corporate fixed-income instrument. Strategies are designed to isolate attractive opportunities between a variety of fixed income instruments, typically realizing an attractive spread between multiple corporate bonds or between a corporate and risk free government bond. They typically involve arbitrage positions with little or no net credit market exposure, but are predicated on specific, anticipated idiosyncratic developments.

Structured Credit/Asset Backed: HFRI Relative Value Fixed Income-Asset Backed Index includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a fixed-income instrument backed by physical collateral or other financial obligations (loans, credit cards) other than those of a specific corporation. Strategies are designed to isolate attractive opportunities between a variety of fixed income instruments specifically securitized by collateral commitments, which frequently include loans, pools and portfolios of loans, receivables, real estate, machinery or other tangible financial commitments. Investment thesis may be predicated on an attractive spread given the nature and quality of the collateral, the liquidity characteristics of the underlying instruments and on issuance and trends in collateralized fixed-income instruments, broadly speaking. In many cases, investment managers hedge, limit, or offset interest-rate exposure in the interest of isolating the risk of the position to strictly the disparity between the yield of the instrument and that of the lower-risk instruments.

Macro: **HFRI Macro Index:** Investment Managers which trade 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. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both Macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposes to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis.

Systematic Macro: **HFRI Macro Systematic Diversified Index**: Diversified strategies employing mathematical, algorithmic and technical models, with little or no influence of individuals over the portfolio positioning. Strategies are designed to identify opportunities in markets exhibiting trending or momentum characteristics across individual instruments or asset classes. Strategies typically employ quantitative processes which focus on statistically robust or technical patterns in the return series of the asset, and they typically focus on highly liquid instruments and maintain shorter holding periods than either discretionary or mean-reverting strategies. Although some strategies seek to employ counter-trend models, strategies benefit most from an environment characterized by persistent, discernible trending behavior. Typically have no greater than 35 percent of portfolio in either dedicated currency or commodity exposures over a given market cycle.

Discretionary Macro: **HFRI Macro Discretionary Thematic Index**: Strategies primarily rely on the evaluation of market data, relationships and influences, as interpreted by individuals who make decisions on portfolio positions; strategies employ an investment process most heavily influenced by top-down analysis of macroeconomic variables. Investment Managers may trade actively in developed and emerging markets, focusing on both absolute and relative levels on equity markets, interest rates/fixed income markets, currency and commodity markets; they frequently employ spread trades to isolate a differential between instrument identified by the Investment Manager as being inconsistent with expected value. Portfolio positions typically are predicated on the evolution of investment themes the Manager expects to develop over a relevant time frame, which in many cases contain contrarian or volatility-focused components.

Alternative Assets (Slide 8)

Event Driven: **HFRI Event Driven Index:** Investment Managers who maintain 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. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

Activist: **HFRI Event Driven Activist Index**: Strategies may obtain or attempt to obtain representation on the company's board of directors in an effort to impact the firm's policies or strategic direction and in some cases may advocate activities such as division or asset sales, partial or complete corporate divestiture, dividends or share buybacks, and changes in management. Strategies employ an investment process primarily focused on opportunities in equity and equity-related instruments of companies that are currently or prospectively engaged in a corporate transaction, security issuance/repurchase, asset sales, division spin-off or other catalyst-oriented situation. These involve both announced transactions and situations in which no formal announcement is expected to occur. Activist strategies would expect to have greater than 50 percent of the portfolio in activist positions, as described.

Distressed Credit: **HFRI Event Driven Distressed/Restructuring Index**: Strategies focus on corporate fixed-income instruments, primarily corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceedings or financial-market perception of near-term proceedings. Managers are typically actively involved with the management of these companies;

they are frequently involved on creditors' committees in negotiating the exchange of securities for alternative obligations, either swaps of debt, equity or hybrid securities. Managers employ fundamental credit processes focused on valuation and asset coverage of securities of distressed firms; in most cases portfolio exposures are concentrated in instruments that are publicly traded, in some cases actively and in others under reduced liquidity but in general for which a reasonable public market exists. Strategies employ primarily debt (greater than 60 percent) but also may maintain related equity exposure.

Merger Arbitrage: **HFRI Event Driven Merger Arbitrage Index:** Strategies primarily focus on opportunities in equity and equity-related instruments of companies that are currently engaged in a corporate transaction. Merger Arbitrage involves primarily announced transactions, typically with limited or no exposure to situations in which no formal announcement is expected to occur. Opportunities are frequently presented in cross-border, collared, and international transactions that incorporate multiple geographic regulatory institutions, typically with minimal exposure to corporate credits. Strategies typically have over 75 percent of positions in announced transactions over a given market cycle.

Equity Hedge: **HFRI Equity Hedge (Total) Index**: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50 percent exposure to, and may in some cases be entirely invested in, equities, both long and short.

Directional Equity: **HFRX Equity Hedge Multi-Strategy Index**: Managers maintain positions both long and short in primarily equity and equity-derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage, holding period, concentrations of market capitalizations, and valuation ranges of typical portfolios. Managers typically do not maintain more than 50 percent exposure to any one Equity Hedge sub-strategy.

Equity Market Neutral: **HFRI Equity Hedge Equity Market Neutral Index:** Strategies employ sophisticated quantitative techniques to analyze price data to ascertain information about future price movement and relationships between securities. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Factor-based investment strategies include strategies predicated on the systematic analysis of common relationships between securities. In many cases, portfolios are constructed to be neutral to one or multiple variables, such as broader equity markets in dollar or beta terms, and leverage is frequently employed to enhance the return profile of the positions identified. Statistical Arbitrage/Trading strategies consist of strategies predicated on exploiting pricing anomalies which may occur as a function of expected mean reversion inherent in security prices; high-frequency techniques may be employed; trading strategies may also be based on technical analysis or designed opportunistically to exploit new information that the investment manager believes has not been fully, completely, or accurately discounted into current security prices. Strategies typically maintain characteristic net equity market exposure no greater than 10 percent long or short.

The **Cambridge Associates LLC U.S. Private Equity Index®** uses a horizon calculation based on data compiled from more than 1,400 institutional-quality buyout, growth equity, private equity energy, and subordinated capital funds formed between 1986 and 2021. The funds included in the index report their performance voluntarily and therefore the index may reflect a bias towards funds with records of success. Funds report unaudited quarterly data to Cambridge Associates when calculating the index. The index is not transparent and cannot be independently verified because Cambridge Associates does not identify the funds included in the index. Because Cambridge Associates recalculates the index each time a new fund is added, the historical performance of the index is not fixed, can't be replicated and will differ over time from the day presented. The returns shown are net of fees, expenses and carried interest. Index returns do not represent fund performance.

MSCI All Country World Index (MSCI ACWI) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed and 26 emerging markets.

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

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Endowment/Grant Process Timeline

Annually, the Board will make grant awards using the following spending rules:

The Board will determine the maximum funds available for the grant disbursements.

Replace:
Up to 4% of the trailing three-year average market value of the Fund as of February 28th/29th will be used to determine the maximum total award for the grant making period. Wells Fargo will have 4% avg **mid-April.**

With:
Up to 4% of the trailing three-year average market value of the Fund as of February 28th/29th will be used to determine the maximum total award for the grant making period. Wells Fargo will have 4% avg **mid-March** in time for March Board Meeting.

Around April 10 a notice that the grant form is available will go out via GovDelivery and on the DBVI website. The Board will not accept grant applications past the June 1 deadline.

Share application information via a spreadsheet with the Board the first week of June.

Share spreadsheet with history of giving.

The Board will hold a Special Meeting mid-June. The purpose of the Special meeting is to review applications received. Some applicants may be invited to make a presentation at the regular meeting.

The Board will make grant award decisions at its regular June meeting.

Members are to abstain from voting if there is a conflict of interest.

Excel spreadsheet to record grants given.

Need Main Conference Room for all to fit.

Non recipients are sent letter of non-award.

Recipients are sent letter of award notification -

Reminding them interim report is due December 1. 2025.

Advising when funds will be disbursed (60 days from receipt of W-9)

Advising of stipulations.

1. Submit an interim report by December 1, 2024. You will receive a link to the reporting form before the due date. Your report will be focused on achieving the outcomes outlined in your application. Failure to submit timely and adequate reports will make your organization ineligible for future grants.
2. Submit a final report by June 1, 2025. You will receive a link to the reporting form before the due date. Your report will be focused on achieving the outcomes outlined in your application. Failure to submit timely and adequate reports will make your organization ineligible for future grants.
3. Acknowledge funding by the Virginia Board for the Blind and Vision Impaired in marketing and collateral materials, letters and websites.

Make sure all have W-9s on file.

Create requisitions in eVA for disbursements. (except Super Summer Camp – this is done differently)

Create vouchers for payment.

Make link available / send link to recipients to report.

Remind recipients mid -November 2025 of Dec. 1 report due. Add review to December Board Meeting agenda.

Remind recipients mid-May 2025 of June 1 report due. Add review to June Special Meeting agenda.

Any requester who receives funds and does not provide the required reports will not be eligible for a grant in the next round.

Additional Notes:

At June Meeting elect Board Officers: Chair, Vice-Chair and Secretary

At June Meeting advise of dates for next four meetings.