Global Impact Bond investment spotlights

ADDENDUM TO OUR 2023 GLOBAL IMPACT BOND REPORT

October 2024

For professional and institutional investors only

Contents

This report, an addendum to our Global Impact Bond report, showcases four impact themes and sample investment spotlights, including impact theory of change and key performance indicators (KPIs), qualitative assessment, engagement updates, and the measurable outcomes we achieved.

The purpose of this report is to highlight the impact case for one sample investment spotlight in four of our impact themes that span our three broad categories of Life essentials, Human empowerment, and Environment. While all companies in our portfolio meet the financial criteria that we believe enable us to deliver competitive investment returns for our clients, these sample investment spotlights are solely intended to illustrate metrics regarding our impact objectives and outcomes.

For information on our overall impact commitment and approach, as well as deep dives and reporting on our both our equity and fixed income strategies, please view our impact platform page.

Portfolio spotlight examples are based on non-performance-based criteria. For information on how we selected the portfolio spotlight examples, please see the Important disclosures section. Portfolio spotlight examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as specific security recommendations or advice. It should not be assumed that an investment in the examples has been or will be profitable. Actual holdings vary for each client, and there is no guarantee that a particular client's account will hold the examples presented. Key Performance Indicator data is based on issuer or company reporting, press releases and websites, proxy data, and Wellington analysis. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Wellington determines the UN SDG goals and targets that, in our view, each portfolio company or issuer is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org.

THEME OVERVIEW

Clean water & sanitation

QUANTITY | QUALITY | DISTRIBUTION

2.8 billion people in urban areas could face water scarcity by 2050, equivalent to half the world's urban population.[1]

The UN estimates that two billion people globally struggle to access safe drinking water and 3.6 billion live without safely managed sanitation.[2]

For billions of people around the world, securing clean water is a constant struggle that can hamper economic development and lead to poor health outcomes. At the community level, water scarcity can contribute to social unrest, particularly in regions where economic inequality is high and water governance is weak.

Increasing water demand, coupled with growing risk of drought and flooding associated with climate change, is likely to make water insecurity worse. The Intergovernmental Panel on Climate Change (IPCC) estimates that without adequate adaptation and resilience efforts, the water-related impacts of climate change will lower GDP in many low- and middle-income countries.[3] Access to water sanitation also remains a major challenge for many underserved populations; the UN estimates that achieving universal coverage by 2030 will require a fivefold increase in the current rate of progress.[4]

We believe that products and technologies that help alleviate water stress and secure better health outcomes will see rising investment spending and secular demand growth. Our research with Woodwell Climate Research Center has reaffirmed the opportunity in this theme. We expect to see increased capital expenditure directed toward improving water and sanitation infrastructure, including delivery, safety, and treatment.

In 2023, the fixed income portfolio was invested in a public-sector European lender that offers affordable loans to water authorities and drinking-water companies to invest in resilient water infrastructure. The portfolio also maintained a high-conviction position in a Brazilian water utility and green bond positions in Canadian and Australian local authorities investing in improving water infrastructure.

[1] "Partnerships and Cooperation for Water," UN World Water Development Report 2023, United Nations Educational, Scientific and Cultural Organization (UNESCO). | [2] "Imminent risk of a global water crisis, warns the UN World Water Development Report," UNESCO Press release, 22 March 2023. | [3] "Water." In: Climate Change 2022: Impacts, Adaptation and Vulnerability, IPCC Sixth Assessment Report, Intergovernmental Panel on Climate Change, 2022. |
[4] The Sustainable Development Goals Report 2023, United Nations.

Nederlandse Waterschapsbank

IMPACT THEORY OF CHANGE

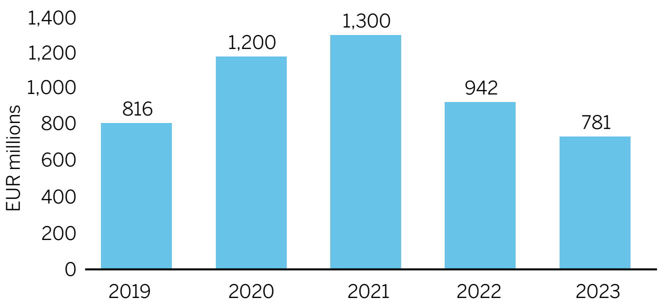
The Nederlandse Waterschapsbank (NWB Bank) is a public-sector lender that supports water authorities and drinking-water companies in the Netherlands by issuing affordable loans for investments in sustainable water infrastructure. This capital is vital for addressing the growing risks of flooding and the difficulties in securing clean drinking water across the country. Through NWB Bank's partnerships, local authorities can potentially lower greenhouse gas (GHG) emissions, upgrade water infrastructure to adapt to changing climate conditions, and enable a steady supply of clean surface water.

FIVE DIMENSIONS OF IMPACT

What	Low-cost financing for investments that enhance water resilience and service quality
Who	All 21 water authorities in the Netherlands[1]
How much	Supported water authorities with €781 million of loans in 2023[2]
Contribution	Provides funding for more than a third of the public-sector debt in the Netherlands[3]
Risk	Evidence: Financing is generally not earmarked to individual projects, making overall impact assessment difficult[4]

PROGRESS OVER TIME OF CORE KPI

Amount of lending to water authorities



Source: Annual Report, NWB Bank, 2023

Year of initial investment: 2021

Three-year annualized change in core KPI: -13%

Assessment: Meets expectations

UN SDG ALIGNMENT Ensure availability and sustainable management of water and sanitation for all

TARGET 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

QUALITATIVE ASSESSMENT

Climate change has increased the frequency and intensity of precipitation events in the Netherlands, leading to its wettest year ever in 2023.[5] To cope with water-related challenges (including quality and scarcity), the country is seeking to improve its water-use efficiency and resilience through various projects, including innovative upgrades to wastewater treatment plants. These projects require significant capital investment, which NWB Bank helps fund via low-cost, long-term financing to water authorities and drinking-water companies.

While the bank's new lending to water authorities has decreased since 2021, its total loan portfolio reached a record high of €53.9 billion at the end of 2023.[6] (The increase is partially attributed to its significant lending to housing associations in the Netherlands.) NWB Bank expects to resume its growth in new lending to the water segment in 2024, supported by a €400 million loan facility from the European Investment Bank signed early in the year.[7] The facility will finance small-scale projects for Dutch water authorities, covering areas such as flood protection, wastewater treatment, and water-table management.

ENGAGEMENT PRIORITIES

We are reassessing our engagement priorities to ensure we focus our efforts on issuers with which we can make a meaningful impact or when they contribute significantly to portfolio risk. Given that this issuer has a strong impact case and we expect new water-sector lending to improve the trajectory of the KPI, it is not currently a priority for our engagements.

[1]Water Bond Report, NWB Bank, 2022. | [2]Annual Report, NWB Bank, 2023. | [3]nwbbank.com, as of 10 September 2024. | [4]Annual Report, NWB Bank, 2023. | [5]Ibid. | [6]Ibid. | [7]"Netherlands: EIB and NWB Bank join forces to improve flood protection and surface water quality," European Investment Bank, 14 February 2024.

THEME OVERVIEW

Education & job training

REMOTE ACCESS | IMPROVING FINANCIAL FUTURES

In 2023, US adults with a high-school diploma earned 25% more than those who did not finish high school.[1]

The world could have shortfall of 10 million health workers by 2030, with chronic underinvestment in the education and training cited as a key reason.[2]

Education is a basic human right, yet an estimated 250 million children did not attend school in 2023, owing to social conflict, climate-related disasters, or other reasons for displacement.[3] Adults without a childhood education often struggle to attain employment sufficient to sustain them economically. The uneducated and undereducated are also likely to be more vulnerable to exploitation, discrimination, and ill health.[4]

Since the end of the COVID-19 pandemic, gaps in educational and professional-skills attainment have persisted in many parts of the world. Shortages of skilled labor in key sectors, including health care, present risks and challenges for communities in developed and developing markets. Job training and skill development — whether attained online or in person — can help reduce unemployment, enhance earning potential, and strengthen communities. In our view, companies and issuers whose products and services provide targeted, effective learning and vocational training are likely to enjoy significant growth potential. The impact they can have in narrowing the education gap, increasing access to economic opportunities, and mitigating labor shortages in critical sectors such as health care, is potentially widespread and enduring.

In 2023, the fixed income strategy was invested in bonds issued by the European Union that funded efforts to keep workers in their jobs during the COVID-19 pandemic. The portfolio also continued to invest in bonds issued by several universities, including leaders in cutting-edge research and institutions with track records of improving economic outcomes for students who are the first in their families to attend college. This includes investments in historically Black colleges and universities.

[1]"Education pays, 2023," US Bureau of Labor Statistics, May 2024. | [2]"Health workforce," World Health Organization, 2024. | [3]"250 million children are now out of school," UN News, September 2023. | [4]"The role of education in reducing health inequalities," Health Action Research Group, August 2024.

European Union

IMPACT THEORY OF CHANGE

The EU created its SURE instrument (temporary Support to mitigate Unemployment Risks in an Emergency) as a response to the COVID-19 pandemic. Investments in SURE bonds have supported residents of EU member states in a variety of ways, including wage subsidy schemes, support for seasonal and self-employed workers, and training linked to short-term employment.

UN SDG ALIGNMENT Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

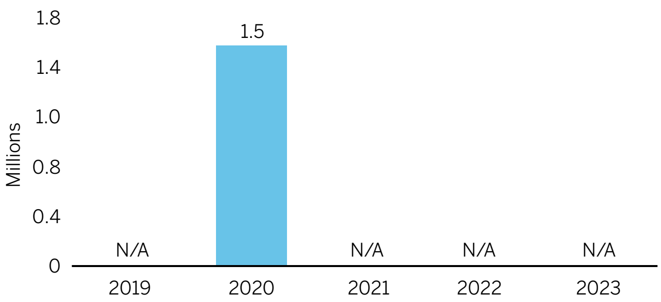
TARGET 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

FIVE DIMENSIONS OF IMPACT

What	Protect workers' jobs and income during pandemic
Who	Residents of all EU member states
How much	Crisis instrument worth €100 billion[1]
Contribution	Prevented employment loss for 1.5 million people in 2020[1]
Risk	Execution: Balancing quick response with the provision of appropriate support during a period of high uncertainty

PROGRESS OVER TIME OF CORE KPI

Job losses prevented



Source: Report from the Commission to the European Parliament, the Council, the Economic and Financial Committee and the Employment Committee, European Commission, 2 June 2023

Year of initial investment: 2021

Three-year annualized change in core KPI: Not available

Assessment: Meets expectations

QUALITATIVE ASSESSMENT

The COVID-19 pandemic had a profound global social and economic impact. Lockdowns and restrictions disrupted and curtailed economic activity, with many businesses temporarily or permanently closing. Millions of workers faced job losses or reduced working hours, leading to financial instability for many households.

The EU's SURE bonds were a swift and effective response to the crisis. The program distributed more than 90% of its allotted assistance within seven months.[2] SURE provided loans to finance short-time work schemes, focusing on protecting the jobs and income of both company employees and self-employed workers.

Small- and medium-sized enterprises, especially in contact-intensive sectors like accommodation, retail services, and manufacturing, were the main recipients. SURE effectively prevented the complete loss of employment for approximate 1.5 million people in 2020.[3] The program's evaluation report stated that employment protections during the first two years of the pandemic also led to a more rapid economic recovery for member states than in previous crises.[4]

We do not have a time series for our core KPI, as it reflects the impact during a specific time period. We selected it because it demonstrates one of the many positive social impacts of SURE, particularly during the height of the pandemic. Since the issuance of SURE bonds, the EU has published five biannual evaluation reports, providing further evidence of its impact, including financial support to 900,000 EU companies in 2021.[5] This published data has further assured us of SURE's impact.

ENGAGEMENT PRIORITIES

The SURE program ceased in December 2022, and its last evaluation report was published in June 2023. As such, engagement with this issuer is not currently a priority.

[1] Report from the Commission to the European Parliament, the Council, the Economic and Financial Committee and the Employment Committee, European Commission, 2 June 2023. | [2]Ibid. | [3]Ibid. | [4]Ibid. | [5]Ibid.

THEME OVERVIEW

Financial inclusion

FINANCIAL TECHNOLOGY | ACCESS TO CAPITAL

Approximately 24% of people worldwide lack an account at a bank or regulated financial institution.[1]

Access to finance is a major barrier for the growth of micro, small, and medium-sized enterprises (MSMEs) in emerging markets, where an estimated 131 million face this challenge.[2]

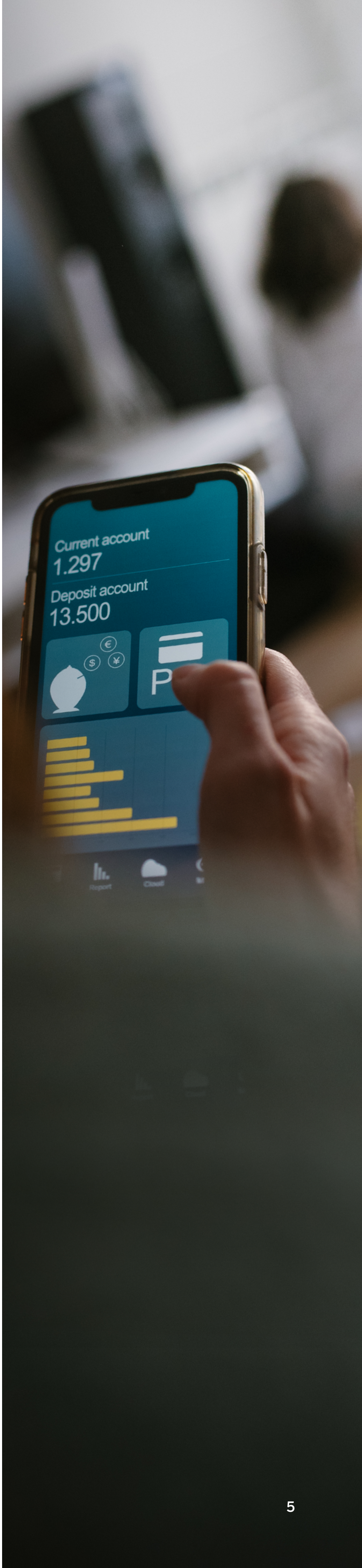
The UN deems financial inclusion vital for economic growth, resilience, and job creation, yet approximately 1.4 billion adults globally are unbanked.[3] Women represent 56% of the world's unbanked, half of the unbanked come from the poorest 40% of households, and two-thirds have a primary education or less.[4] Lack of access to financial services limits one's ability to save money securely, invest in education or new businesses, and manage financial risks. At a macro level, these challenges can hinder economic growth and sustain poverty cycles. Financial inclusion is a crucial factor in helping households fully participate in the broader economy and enhancing quality of life at the community level.

Technology can help close the financial inclusion gap by reducing reliance on high-cost or unreliable mechanisms for managing money.[5] For example, millions of unbanked adults still receive payments in cash from governments and employers. Digitizing these payments through mobile banking can boost account ownership and expand financial inclusion. Recent data has shown faster increases in mobile bank-account ownership among women than men in some places, illustrating how the technology can also help reduce gender-based inequalities.[6]

We believe companies that expand access to financial products and services, especially via mobile technology, have long runways for growth by expanding addressable markets globally. These solutions can help foster financial stability and economic development to improve the lives of millions of of underserved households and small-business owners.

In 2023, the fixed income portfolio held issuances from several national and multilateral development banks, including one focused on financing sustainable economic development in Latin America. The portfolio also increased its allocation to commercial banks in Eastern Europe, including Romania and Hungary, where many people are underbanked relative to their incomes, and where we identified banks whose lending activity includes individuals and businesses that otherwise lack adequate access to credit. The strategy also maintained nonbank allocations, for example to a US company that helps small businesses to grow their customer bases online.

[1] The Global Findex Database, The World Bank, 2022. | [2] "Small and Medium Enterprises (SMEs) Finance," The World Bank, 2020. | [3] "The Imperative of Financial Inclusion," United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, 2023. | [4] Ibid. | [5] The Global Findex Database, The World Bank, 2022. | [6] Ibid.



Inter-American Development Bank

IMPACT THEORY OF CHANGE

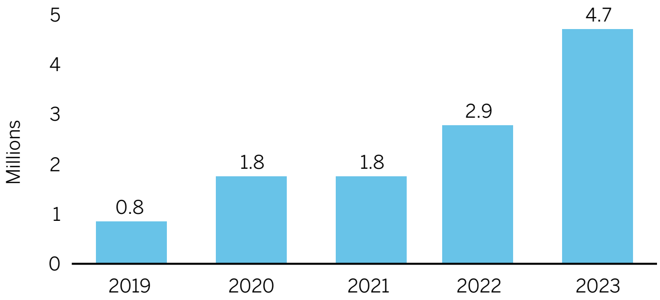
The Inter-American Development Bank (IDB) supports the economic growth of Latin American and Caribbean countries through financial and technical assistance. Its sustainable bond program invests in businesses that prioritize sustainability while positively impacting a region's economic, social, and environmental outcomes.

FIVE DIMENSIONS OF IMPACT

What	Facilitates economic growth and development in member countries through financial and technical assistance
Who	Supports its 26 borrowing-member countries in Latin America and the Caribbean[1]
How much	Nearly eight million MSMEs received financing via 365 projects between 2020 and 2023[2]
Contribution	US$13.5 billion financed and mobilized in 2023[3]
Risk	Efficiency: Ensuring efficient allocation of funds to projects that optimize social or environmental outcomes

PROGRESS OF CORE KPI

Micro, small, medium enterprises (MSMEs) financed



Source: The IBD Group Corporate Results Framework

Year of initial investment: 2021
Three-year annualized change in core KPI: 38%
Assessment: Exceeds expectations

8 DECENT WORK AND ECONOMIC GROWTH

UN SDG ALIGNMENT Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

TARGET 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

QUALITATIVE ASSESSMENT

The IDB is a leading provider of multilateral financing for economic and social development in Latin America and the Caribbean. The bank helps its clients access diverse financial solutions, including loans, guarantees, and technical assistance, to foster sustainable development and reduce poverty and inequality. The IBD has a strong focus on supporting MSMEs, which are important sources of both job creation and innovation. In 2023 alone, the bank allocated and mobilized US$13.5 billion, benefiting more than 4.7 million MSMEs.[4] We note IBD's efforts to empower these businesses and its 38% three-year compound annual growth rate in number of businesses helped.

The IDB enhances its impact by issuing sustainable bonds, which direct funds toward key sustainability priorities. One such project is the bank's Amazonia Forever Program, which has a portfolio of more than US$4 billion aimed at balancing sustainable development and forest conservation.[5] In our view, this is a vital effort, as 12% of Latin America and the Caribbean's economic value depends on nature-based sectors.[6]

ENGAGEMENT PRIORITIES

Development banks typically prioritize efforts to catalyze financing in emerging markets to facilitate a more equitable transition. The IDB has been public about plans to increase the scale of its impact in reducing poverty and inequality, addressing climate change, and bolstering sustainable regional growth, particularly through its "IDB Invest" financing arm.[7] We wish to engage with the IDB on how it weighs social and environmental considerations — including potential tradeoffs between the two — when evaluating the expansion of energy access and catalyzing transition financing. We are also interested in engaging on its plans to increase the amount of private capital catalyzed for every dollar it deploys.

[1] About the IBD, iabg.org. | [2]The IBD Group Corporate Results Framework. | [3]About the IBD, iabg.org. | [4]Ibid. | [5]"IDB, Amazonian Countries and the US Treasury Meet in Belem under Amazonia Forever," IDB, 27 July 2024. | [6]Natural resources outlook in Latin America and the Caribbean, The Natural Resources Division of the Economic Commission for Latin America and the Caribbean (ECLAC), 2023. | [7]"Governors Approve Three Historic, Transformative Changes for the IDB Group to Support the Region," IBD Invest, 11 March 2024.

THEME OVERVIEW

Resource efficiency

PRESERVATION | ADVANCEMENT | SUSTAINABILITY

Global electricity demand is expected to reach 50,000 terawatt hours (TWh) in 2050, almost double the 2021 level.[1]

The extraction and processing of material resources account for over 55% of GHG emissions.[2]

To ensure a sustainable and equitable future, we believe society must use its natural resources more efficiently. The UN projects that optimizing the production and consumption of materials could reduce GHG emissions by 80% by 2060.[3] The twin trends of rising consumption and dwindling supply of nonrenewable and mostly finite resources — including fossil fuels, minerals, and arable land — pose significant risk to economic activity worldwide. We are already seeing signs of growing resource scarcity in areas as diverse as power generation and transmission, manufacturing, and construction.

The natural resource challenge is not just environmental. For many people, the more difficult resources are to obtain, the harder it is to maintain living standards and economic stability. In many countries, difficulties ensuring reliable access to energy and the associated rise in energy prices have underscored the importance of efficient production and consumption. Smarter use of finite resources is also essential for a successful transition to a sustainable and more inclusive economic model. At the same time, technological innovation is critical for optimizing efficient product performance, which can contribute to lower energy consumption, extend product lifetimes, and safeguard human health. Better processes like these, while requiring initial investments, are also likely to save money in the long run.

Last year, the fixed income strategy continued to expand its investments in green bonds aligned with the resource efficiency theme. As the market for these issuances has grown and matured, the portfolio's green bond holdings have come to span a wide range of corporate and sovereign issuers in both developed and developing countries. The holdings include a German sovereign green bond expected to finance the country's efforts to achieve its ambitious environmental goals, with issuance proceeds aimed in particular on the buildout of clean transportation.

[1] "Global Energy Outlook 2023: Sowing the seeds of an energy transition," Resources for the Future, March 2023. | [2] "Global Resources Outlook: Bend the Trend," UN Environmental Programme, March 2024. | [3] Ibid.

Deutsche Bundesrepublik

IMPACT THEORY OF CHANGE

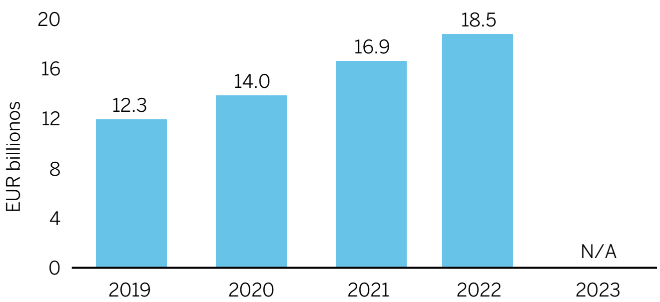
The transition to a low-carbon, resilient, environmentally sustainable economy will require vast amounts of capital. Investments in green bonds of the federal republic of Germany (Deutsche Bundesrepublik) support the country in achieving its ambitious environmental goals. The government intends to use bond proceeds for projects that address the climate challenge, with most focused on clean transport.

FIVE DIMENSIONS OF IMPACT

What	Support the transition to a low-carbon, resource efficiency economy
Who	Help Germany reach its environmental goals, including achieving carbon neutrality by 2045[1]
How much	Eligible green expenditure amounted €18.5 billion in 2022, with almost 50% contributed to sustainable transport[2]
Contribution	Systematically support the low-carbon transition by directing proceeds to projects aligned with Germany's decarbonization
Risk	Efficiency: Allocating proceeds to projects with the greatest potential impact

PROGRESS OVER TIME OF CORE KPI

Capital commitments to eligible projects (Indicative)



Source: Federal Republic of Germany Green Bond Investor Presentation, April 2023

Year of initial investment: 2021
Three-year annualized change in core KPI: 15%
Assessment: Meets expectations

QUALITATIVE ASSESSMENT

Germany has pledged to achieve GHG-emissions neutrality by 2045.[3] A study conducted by KfW Research, Germany's promotional bank, estimates that the country needs to invest €5 trillion in climate action to achieve this, with the public sector responsible for approximately €500 billion until the target year, or €20 billion annually.[4] KfW cites energy and transport as the state's primary areas of investment opportunity.

UN SDG ALIGNMENT Make cities and human settlements inclusive, safe, resilient and sustainable

TARGET 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Deutsche Bundesrepublik's green bonds focus on five sectors: transport, transition assistance for emerging markets, climate research and innovation, energy and industry, and agriculture. Most proceeds have been allocated to transport, which accounts for approximately 20% of Germany's GHG emissions.[5] Clean, sustainable railways, public and non-motorized transport, and electromobility are focus areas. One government case study highlighted the goal of making one-third of heavy road-freight transport electric by 2030, mainly by requiring more environmentally friendly vehicles and charging infrastructure. As of 2022, €272 million in proceeds had been allocated toward this goal, financing approximately 1,350 small- and medium-sized trucks and about 100 heavy-duty trucks — all electric or hybrid — as well as charging infrastructure.[6]

We are pleased to see continued growth in capital made available for green projects. While our core KPI highlights "indicative" committed capital, we can confirm that the amounts align with actual committed capital, which the government confirmed in a subsequent annual report. We recognize that committed capital does not automatically translate to reduced emissions. However, multiple case studies and the fact that the quantum of capital is in line with the annual required investment for carbon neutrality encourage us that the green bonds are making a meaningful contribution.

ENGAGEMENT PRIORITIES

We are reassessing our engagement priorities to ensure we focus our efforts on issuers with which we can make a meaningful impact or in situations when they contribute significantly to portfolio risk. Given that this issuer has a strong impact case and KPI growth in line with expectations, it is not currently a priority for our engagements.

[1] Federal Republic of Germany Green Bond Investor Presentation, April 2023. | [2]Ibid. | [3]Ibid. | [4]"Public investment required to achieve climate neutrality in Germany," Focus on Economics, KfW Research, 19 July 2022. | [5]Federal Republic of Germany Green Bond Investor Presentation, April 2023.| [6]Ibid.

Important disclosures

ABOUT THIS REPORT

The views expressed herein are those of the author(s), are based on available information, and are subject to change without notice. Individual portfolio management teams may hold different views and may make different investment decisions for different clients. Forward-looking statements or estimates may be made. Actual results and occurrences may vary significantly. Certain data provided is that of a third party. While data is believed to be reliable, no assurance is being provided as to its accuracy or completeness. Wellington determines the goals and targets that, in our view, each portfolio issuer is aligned with. Language for the goals and targets has been abbreviated, but not otherwise altered, from UN.org. Wellington Management supports the United Nations Sustainable Development Goals. These are not to be construed as a recommendation of any of the specific securities presented or indicative of their past or future performance.

Q3 2024 investment examples are based on holdings of the representative account as of 30 June 2024. For Global Impact Bond, the representative account shown became effective on 1 May 2019 because it was the only account at the time of selection. Each client account is individually managed; individual holdings will vary for each account and there is no guarantee that a particular account will have the same characteristics as described.

Issuer examples are for illustrative purposes only, are not representative of all investments made by the portfolio and should not be interpreted as a recommendation or advice. Portfolio spotlight examples are based on nonperformance criteria. For Global Impact Bond the largest position in each impact theme is selected. If the largest position was highlighted within the past year, then the second largest position is highlighted. If largest two positions were highlighted within the past two years, then a new position within the theme for the year is highlighted. If no new positions in the theme, the largest addition (based on transaction value in USD) is highlighted.

Featured holdings Inter-American Bank and Deutsche Bundesrepublik were the largest by size in their respective themes as of 30 June 2024. Neder Waterschapsbank and European Union were the second-largest holdings in their respective themes as of 30 June 2024.

The key performance indicators (KPIs) shown for each issuer have been developed by Wellington. These metrics are proprietary to Wellington and are used to assess an issuer's progress toward its particular business objectives. Information is from multiple sources including the following: annual and quarterly reports; industry research pieces; websites; press releases; case studies; and issuer engagements. Only holdings that had applicable and available KPI data were included. In cases where the 2023 data was not available at the time of publication, we have used 2022 or the nearest to 2023 data.

INVESTMENT RISKS

All investing involves risk. If an investor is in any doubt as to the suitability of an investment, they should consult an independent financial adviser. Past results are not necessarily indicative of future results and an investment can lose value.

Capital: Investment markets are subject to economic, regulatory, market sentiment, and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment.

Derivatives: Derivatives can be volatile and involve various degrees of risk. The value of derivative instruments may be affected by changes in overall market movements, the business or financial condition of specific companies, index volatility, changes in interest rates, or factors affecting a particular industry or region. Derivative instruments may provide more market exposure than the money paid or deposited when the transaction is entered into. As a result, a relatively small adverse market movement can not only result in the loss of the entire investment but may also expose a portfolio to the possibility of a loss exceeding the original amount invested. Derivatives may also be imperfectly correlated with the underlying securities or indices it represents and may be subject to additional liquidity and counterparty risk.

Asset/mortgage-backed securities: Mortgage-related and asset-backed securities are subject to prepayment risk, which is the possibility that the principal of the loans underlying the securities may prepay differently than anticipated at purchase. Because of prepayment risk, the duration of mortgage-related and asset-backed securities may be difficult to predict.

Concentration: Concentration of investments in a relatively small number of securities, sectors or industries, or geographical regions may significantly affect performance.

Credit: The value of fixed income securities may decline, or the issuer or guarantor of that security may fail to pay interest or principal when due, as a result of adverse changes to its financial status and/or business. In general, lower-rated securities carry a greater degree of credit risk than higher-rated securities.

Currency: Investments in currencies, currency derivatives, or similar instruments, as well as in securities that are denominated in foreign currency, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

Fixed income securities markets: Fixed income securities markets are subject to many factors, including economic conditions, government regulations, market sentiment, and local and international political events. In addition, the market value of fixed income securities will fluctuate in response to changes in interest rates, currency values, and the creditworthiness of the issuer.

Foreign and emerging markets: Investments in foreign markets may present risks not typically associated with domestic markets. These risks may include changes in currency exchange rates; less-liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks may be greater in emerging markets, which may also entail different risks from developed markets.

Interest rate: Generally, the value of fixed income securities will change inversely with changes in interest rates. The risk that changes in interest rates will adversely affect investments will be greater for longer-term fixed income securities than for shorter term fixed income securities.

Leverage: The use of leverage can provide more market exposure than the money paid or deposited when the transaction is entered into. Losses may therefore exceed the original amount invested.

Real estate securities: Risks associated with investing in the securities of companies principally engaged in the real estate industry such as REIT securities include: the cyclical nature of real estate values; risk related to general and local economic conditions; overbuilding and increased competition; demographic trends; and increases in interest rates and other real estate capital market influences.

Smaller-capitalization stocks: The share prices of small- and mid-cap companies may exhibit greater volatility than the share prices of larger capitalization companies. In addition, shares of small- and mid-cap companies are often less liquid than larger capitalization companies.

Sustainability: An environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

IMPORTANT INFORMATION

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