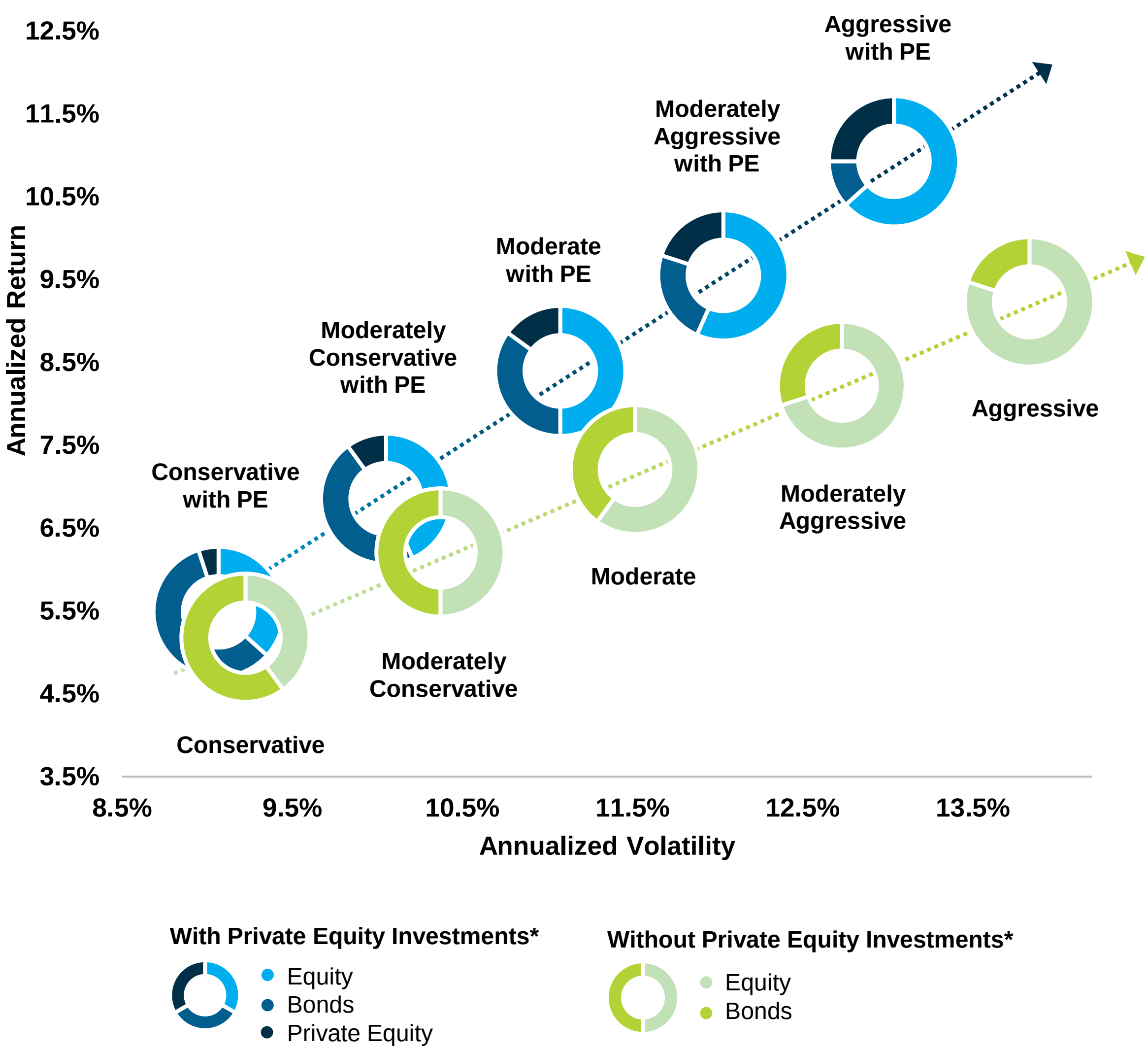
Adding Private Equity Investments May Improve a Portfolio's Risk/Return Profile

The Impact of Private Equity on Portfolio Optimizations

Investors allocate to private equity investments with the objective to enhance returns and/or lower risk through diversification.



Diversification with Private Equity
(10-Year Quarterly Returns from 2013-2023)

Source: Private equity sourced from Cambridge Associates* via IHS Markit, quarterly Pooled IRR as of September 30, 2023 (pulled in January 2024). US equity and bonds sourced from Bloomberg as of September 30, 2023, monthly returns were converted to quarterly. Indices: Cambridge Private Equity, Cambridge Infrastructure, Bloomberg Aggregate Bond Index, Russell 3000. For the period October 1, 2013 through September 30, 2023. Returns are net of fees. Volatility (risk) is measured by standard deviation, a gauge of the variance of a manager's return over its average or mean. You cannot invest directly in an index. Past performance is no guarantee of future results, and there can be no guarantee the performances shown will be achieved for investments that are not fully realized.

Past Performance is not indicative of future performance. May lose value.

*Actual portfolio weightings on page 2.

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Why add private equity investments?

While past performance is no guarantee of future results, adding private equity investments to a traditional stock and bond portfolio has shown the potential to decrease overall portfolio risk while enhancing risk-adjusted returns. Here's why:

Lower Volatility

Private equity investments provide the potential to gain diversified exposure to strategies and managers that reflect low correlation to traditional asset classes; that is, private market investments may not be as closely tied to the ups and downs of public markets.

Enhanced Returns

By providing access to a broader universe of investments, including unique investment opportunities not available in the public markets, private equity investments can potentially enhance the expected return of a portfolio.

By adjusting a traditional 60-40 portfolio to include an allocation to private equity investments, advisors can potentially help investors lower volatility, enhance returns, and broaden their diversification.

A wide range of investor profiles, from conservative to moderate to aggressive, have been able to mitigate risk and enhance overall returns over the past decade by incorporating private equity investments to their portfolios.

Portfolio Mix Weights
(for chart on page 1)

	Conservative	Moderately Conservative	Moderate	Moderately Aggressive	Aggressive
Equity	37%	43%	50%	57%	63%
Bonds	58%	47%	35%	23%	12%
PE	5%	10%	15%	20%	25%
Equity	40%	50%	60%	70%	80%
Bonds	60%	50%	40%	30%	20%

*There is no complete and reliable data set for private investments. The information is extremely limited, and most data is compiled from funds that elect to self-report and tend to be biased toward higher performing funds. Losses are underreported. Funds included in these measures lack commonality and transparency. Over time, components of the data may change. Funds may begin or cease to be represented based on these factors, thereby creating a "survivorship bias" that may additionally impact the data reported. An investment in a private market investment entails a high degree of risk and no assurance can be given that any private market investment objectives will be achieved or that investors will receive a return of their capital.