Alternative opportunities

2025 outlook and methodology | USD | Q2 update

Invesco Solutions

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2025 alternative opportunities – Q2 outlook: Alternatives

Executive summary

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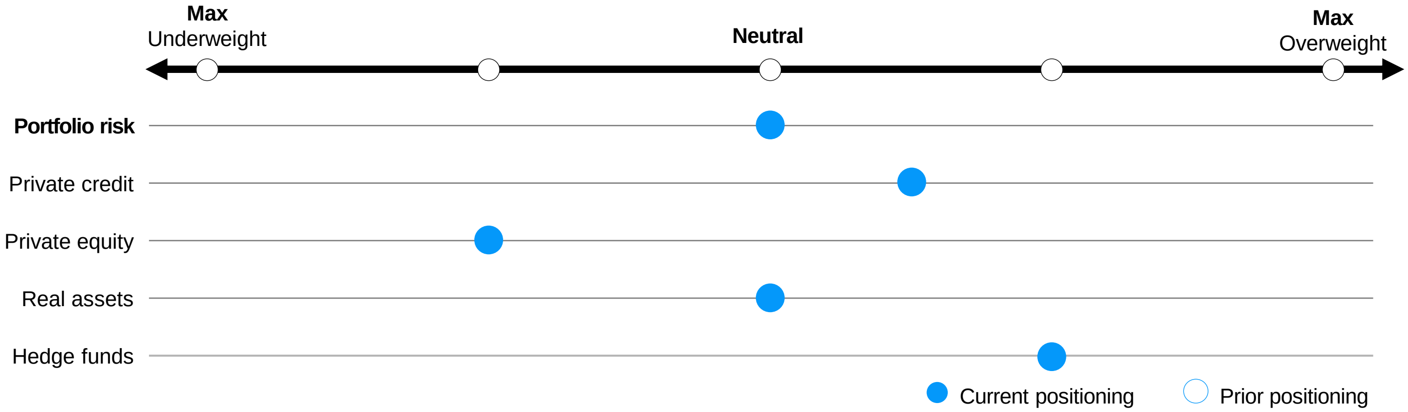

Portfolio risk

We remain neutral on how we're allocating risk within our alternatives portfolio due to elevated downside growth risks, high equity valuations, and benign capital markets activity. In general, we're more defensive, favoring private debt and hedged strategies versus private equity.

Private credit

Deal flow remains challenged, however, with recent activity well below its 2021 peak. A muted leveraged buyout (LBO) environment due to large valuation gaps keeps many PE deals on hold.

With a surplus of real estate debt dry powder and a continued pullback by banks, alternative lenders are poised for a robust year of loan origination.

Private equity

Private equity (PE) faces headwinds in today's environment. High interest rates are likely balanced by lower public market valuations post-sell-off. While uncertainty looms from tariffs, we believe a favorable regulatory environment for domestically oriented sectors within PE (such as those in the middle market) may provide some counterbalance.

Real assets

While cap rates remain muted relative to interest rate levels, we view real estate valuations as relatively attractive compared to public and private equity markets. After recent policy and sentiment volatility, expected Fed cuts should be supportive for lending costs and cap rates.

Hedge funds

As stock markets recently entered a technical correction, hedge funds with lower betas to market risk may be a valuable alternative within a portfolio. Spreads within event-driven strategies remain high due to the limited capital markets activity from mergers and acquisitions as private equity remains sidelined.

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Source: Invesco Solutions, views as of May 12, 2025. The opinions expressed are those of the authors, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

Private credit

Direct lending and real asset debt

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2025 alternative opportunities – Q2 outlook: Private credit

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Real Estate Credit

Presently overweight private credit as spreads begin to widen in public markets

Asset class	Overall	Valuations	Fundamentals	Secular trend
Direct lending	Overweight	Neutral	Neutral	Attractive
Real asset credit	Overweight	Attractive	Neutral	Attractive
Alternative credit	Overweight	Neutral	Neutral	Attractive

Market overview

Recently announced tariffs from the Trump administration have widened public spreads, which has yet to be reflected in the private markets. Following announced trade deals and pauses, current volatility seems to be reversing just as quickly as imposed, leading us to remain vigilant when evaluating relative value opportunities within credit markets.

Direct lending

When we compare risk/return drivers within the senior secured core middle market direct lending, it's clear just how much it has improved over the past few years. All-in returns remain elevated above historical norms, with transactions completed at lower leverage multiples and higher equity cushions. Deal flow remains challenged, however, with recent activity well below its 2021 peak. A muted LBO environment, driven by a persistent valuation gap between buyer and seller, along with broader market uncertainty, continues to keep many PE deals on hold. This has created challenges for direct lenders, but structural tailwinds are emerging that could drive higher transaction volumes going forward.

Distressed debt and special situations

Several strategies within the special situations investment category are gaining momentum among distressed investors. Unlike past cycles, today's opportunities often involve fundamentally strong companies led by experienced management teams in industries with solid near-term fundamentals. This shift is driven by a unique market environment — one marked by a period of rapid interest rate hikes and persistent cost inflation.

Commercial real estate debt

With a surplus of dry powder and a continued pullback by banks, alternative lenders are poised for a robust year of loan origination. While early indicators show that market valuations bottomed out in 2024, there could be additional downward pressure on values. An increase in distressed or forced sales, which stemmed from peak transaction activity in 2021 and 2022, and the magnitude of bridge loans maturing in 2025 are contributors. While lenders may have shown flexibility to borrowers during the GFC, that may not be the case this year with elevated rates, particularly for banks, which continue to work through problematic loans and are facing regulatory pressure. As a result, many borrowers could be forced into difficult decisions this year.

Infrastructure debt

Spreads remain attractive, driven in part by secular infrastructure tailwinds* resulting in large part by the convergence of two powerful themes in digitation and energy transition.

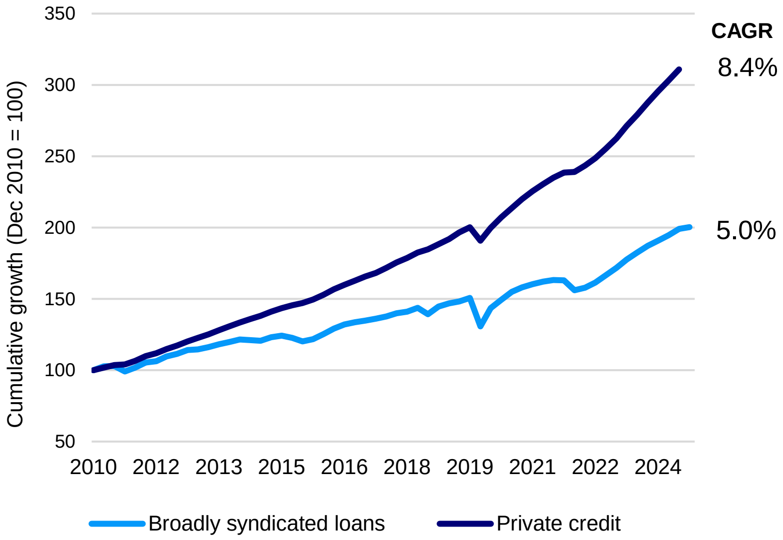
Alternative credit

Absolute yields remain attractive relative to longer-term averages, and pockets of outsized return opportunities exist in areas such as venture lending. Despite this trend, the diversification benefit provided via exposure to amortizing debt strategies is still attractive as part of a broader portfolio.

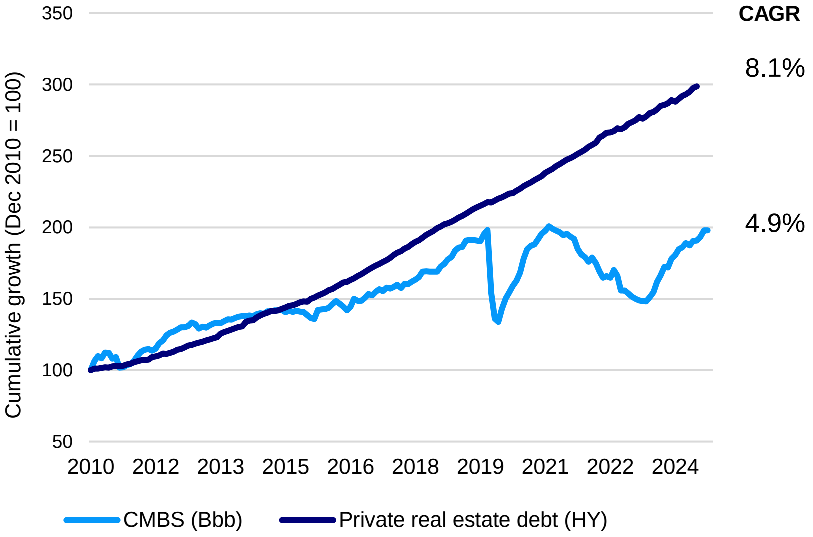
Sources: Invesco Solutions, Invesco Private Credit, Invesco Real Estate Credit, views as of May 12, 2025. *See real assets section for more detail on the secular trends in infrastructure.

Cumulative growth of private credit vs. public credit

Senior direct lending and broadly syndicated loans



Real estate debt and CMBS



Sources: Investment growth of 100; Private credit represented by the Cliffwater Senior Direct Lending Index and broadly syndicated loans represented by the Credit Suisse Leveraged Loan Index, quarterly from Dec. 31, 2010 to Mar. 2025 or most recently available; CMBS (BBB) represented by Bloomberg Non-Agency Investment Grade CMBS: Bbb Total Return Unhedged Index and private real estate debt (HY) represented by the Giliberto-Levy High Yield Commercial Real Estate Debt Index (G-L 2), monthly, from Dec. 31, 2010 to Mar. 2025 or most recently available. Private credit is net of normative fees, while loans are gross of fees. An investment cannot be made directly into an index. **Past performance does not guarantee future results**.

Views on private assets: Private credit

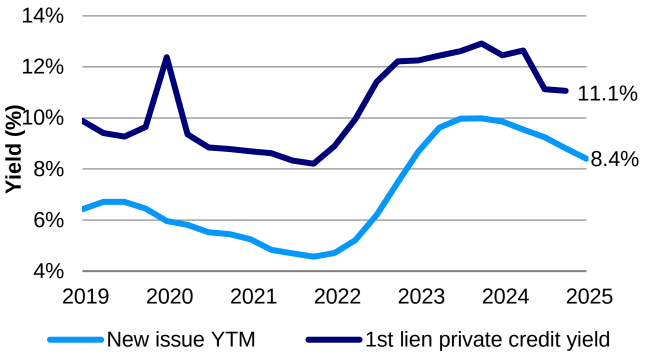
Investment type	Spread (SOFR+, bps*)	Allocation range Underweight / Neutral / Overweight	Comments
Direct lending senior (1st lien)	500-600		• Anchor for diversified private debt portfolios. • Favorable environment for creditors, with strong covenants and call protections.
Direct lending junior (2nd lien/mezz)	750-950		• Borrowing that occurs behind senior/1st lien private corporate debt. • Potential for opportunistic financing with attractive risk/reward.
Real estate debt (Mezz)	550-750		• Mortgage secured by a lien on a commercial property. • High single-digit, low double-digit returns with conservative terms and modest LTVs. • Low CMBS issuance and pullback from US regional banks have improved opportunity.
US infrastructure debt (HY)	500-600		• Current environment allows for 1st lien secured Opco loans. • Long-term contractual cash flows, CPI linkages, and lower defaults/higher recoveries. • Secular trends driving growth in digital and renewables sectors and limited competition from regional banks drive favorable supply-demand dynamics.
Alternative credit	500-900		• Non-traditional markets such as loans, leases and other receivables. • Asset-backed nature of collateral and amortization schedules enhances protection. • Provides diversification and relies on current income.
Venture debt (1st lien)	900+		• Loans to well-capitalized venture-backed borrowers with LTVs typically below 20%. • Limited access to IPO markets and increased cost of capital for venture equity drive favorable pricing and higher creditor protections.
Distressed debt/special situations	900+		• Focus on capital solutions and special situations opportunities. • We see many small companies pressured by higher rates and inflation looking for capital solutions.

Valuations and fundamentals:

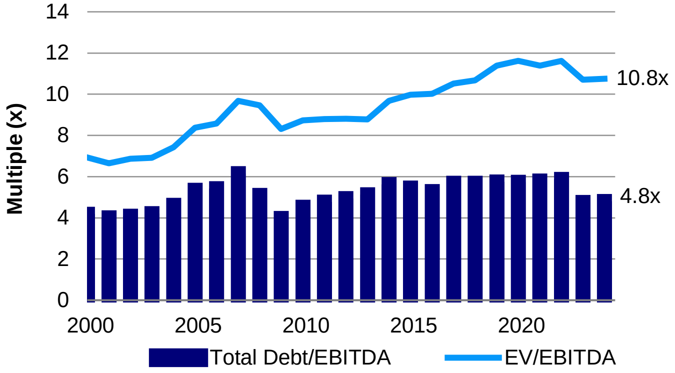
1st lien private credit – new issue YTM and leverage ratios

Spreads on offer to 1st lien lenders are attractive on an absolute, relative, and risk-adjusted basis.

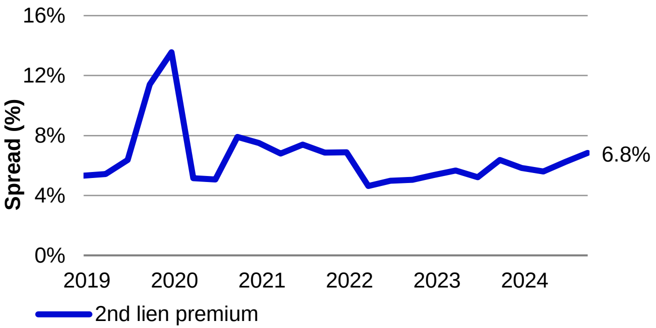
Yields on new issues versus senior direct lending



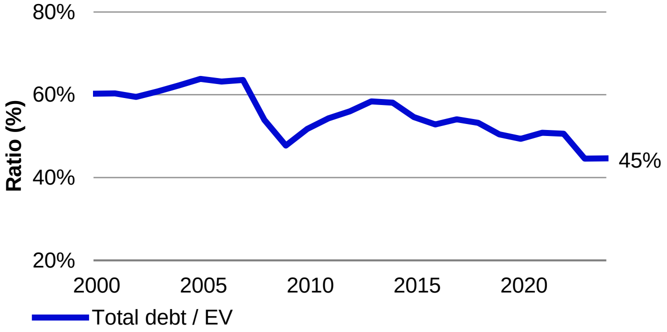
Global private credit multiples



Spreads on 2nd lien debt to public proxies



Global private credit LTV



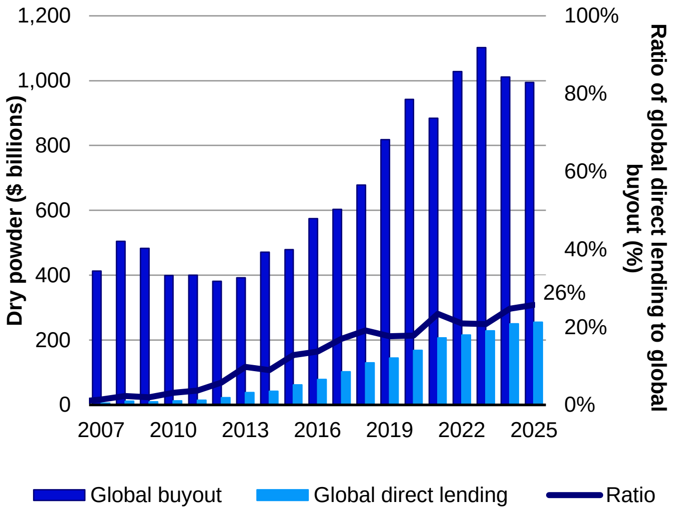
Sources: Pitchbook, LCD Leveraged Loan, SEC EDGAR, JPMorgan, Bloomberg L.P., as of Apr. 16, 2025. Most recent global multiples and LTV data presented as a YTD figure as of Dec. 31, 2024. New issues refer to broadly syndicated loans over $200M issued within the quarter and presented as a 4Q moving average. 2nd lien spread over LIBOR estimates based on SEC filings by a representative sample of BDCs and is calculated by subtracting an HY corporate bond yield based on Option-Adjusted Spread on BBG US Corp HY Index. **Past performance is not indicative of future results.**

Supply-demand dynamics

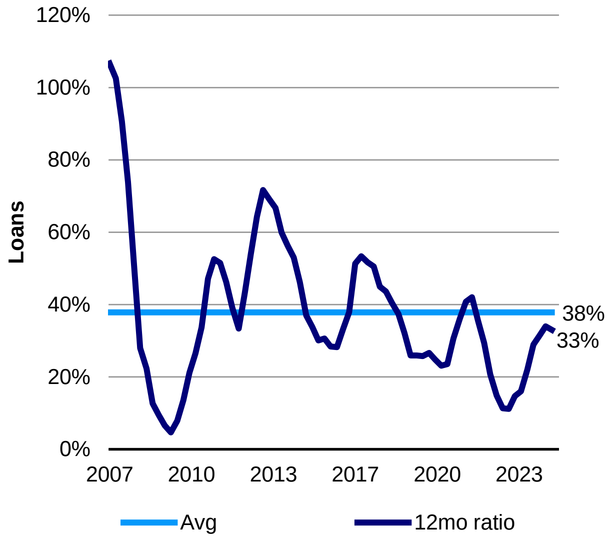
Direct lending and buyout dry powder and loan issuance

Supply-demand dynamics support a robust environment for lenders with available dry powder. While still not at average levels, we have seen a notable uptick in broadly syndicated loan volume as markets reopened.

Ratio of direct lending to buyout dry powder



US broadly syndicated loan issuance relative to total par amount outstanding (12-month rolling)

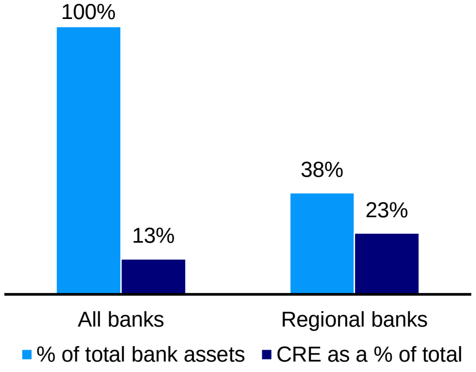


Sources: Invesco Solutions, Preqin, Pitchbook LCD, data as of Mar. 31, 2025.

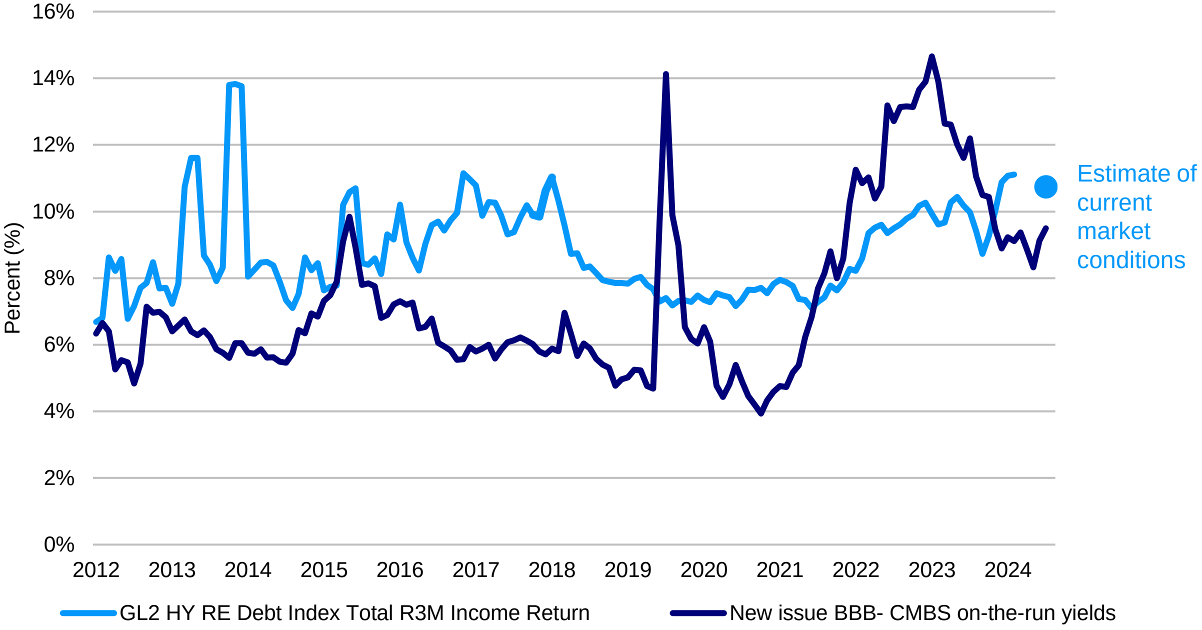
Real estate credit

High absolute yields and "illiquidity premium" supported by reduced supply of loans from regional banks.

Regional banks as a percentage of CRE loans



Real estate credit yields compared to proxy new issue BBB- CMBS new issue on-the-run yields



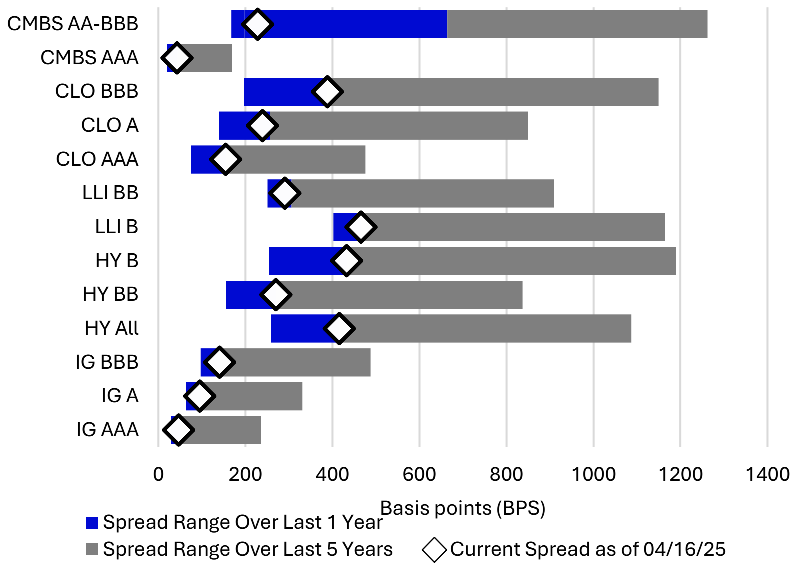
Sources: Invesco Solutions, Gilberto-Levy, FDIC, Bloomberg L.P., as of Apr. 3, 2025. Regional bank data as of Dec. 31, 2024. Regional banks defined as "Assets $1B - $250B."

Alternative credit

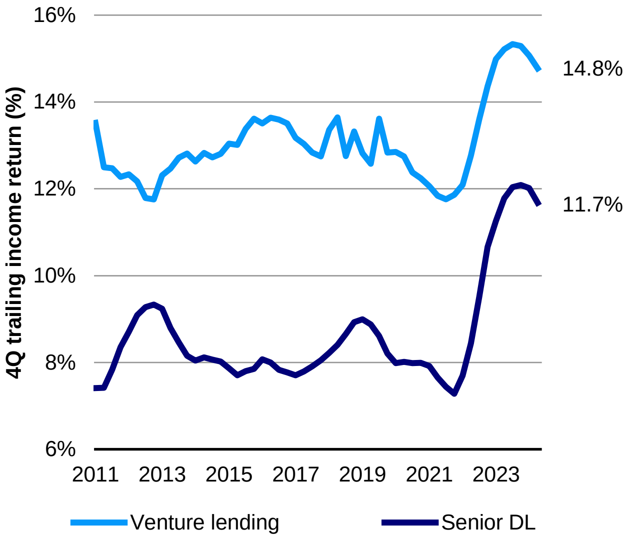
Spreads within alternative credit have widened significantly off their recent tights following tariff-related market volatility.

The more illiquid parts of the alternative credit market, such as venture lending, also offer a spread premium over direct lending.

Liquid alternative spreads (current, 1-year and 5-year ranges)



Venture lending versus senior direct lending income return

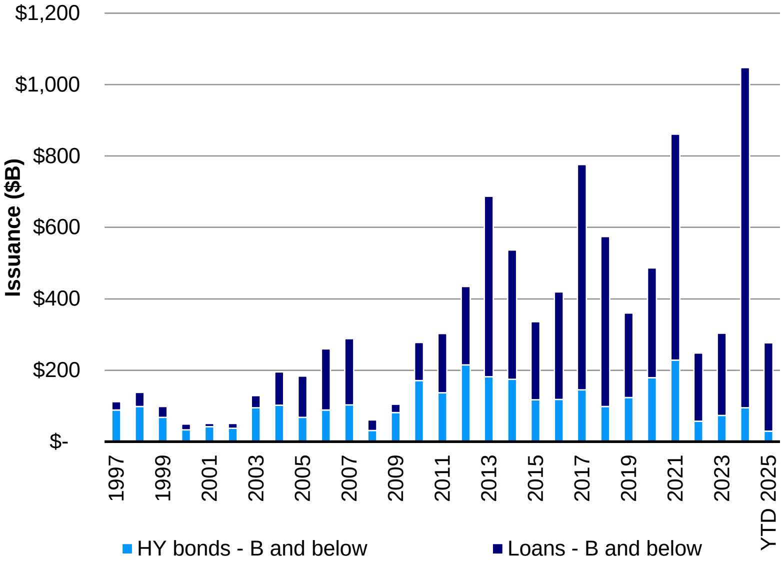


Sources: Invesco Solutions, Bloomberg L.P., FRED, ICE, Morningstar, JPM, as of Apr. 16, 2025. Cliffwater, as of Dec. 31, 2024. IG, HY, CMBS, and ABS spreads are OAS to spot treasury, LL is spread to maturity over SOFR, and CLO is discount margin to SOFR. Please see appendix for index proxies. **Past performance is not indicative of future results.**

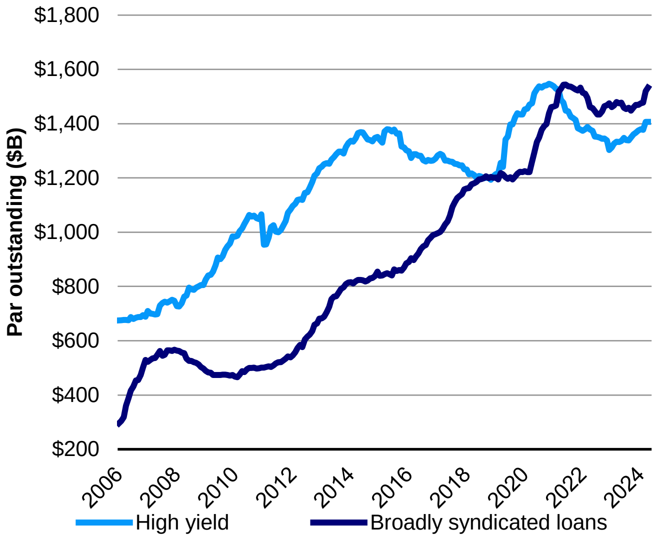
Distressed

Significant issuance in the loan market rated single B and below, showcasing the opportunity set relative to history.

HY and loan annual issuance



HY and loan par amount outstanding



Sources: Invesco Solutions, ICE BofA, JP Morgan, as of Mar. 31, 2025.

Private equity
Large buyout

2

2025 alternative opportunities – Q2 outlook: Private equity

Jeff Bennett, CFA
Head of Manager Selection
Invesco Solutions

Underweight private equity (PE) as valuations are moderating, with pockets of opportunity in private-to-private transactions

Asset class	Overall	Valuations	Fundamentals	Secular trend
Private equity	Underweight	Unattractive	Neutral	Neutral

Private equity outlook and positioning

Private equity (PE) faces headwinds in today's environment. High interest rates constrain the amount of debt sponsor-backed companies are willing to take on for deals and put pressure on the balance sheets of current holdings. These trends are particularly acute in the buyout space, where free cash flow yields have continued to fall to a post-Global Financial Crisis low of 7.8%. There are signs of hope.

Lower public market valuations following the tariff-induced selloff, combined with some moderation in financing costs, will likely ease conditions for dealmakers. In fact, middle market PE deals (between $25 million and $1 billion of enterprise value) were a bright spot in 2024, representing 60% of all buyout value. Green shoots are appearing in deal and exit activity in the US as the first quarter of 2025 is running at a slightly faster pace to that of last year for both metrics (1225 vs 1116 for deals and 193 vs 161 for exits).

While uncertainty looms from tariffs, we believe a favorable regulatory environment for domestically oriented sectors within PE (such as those in the middle market) may provide some counterbalance.

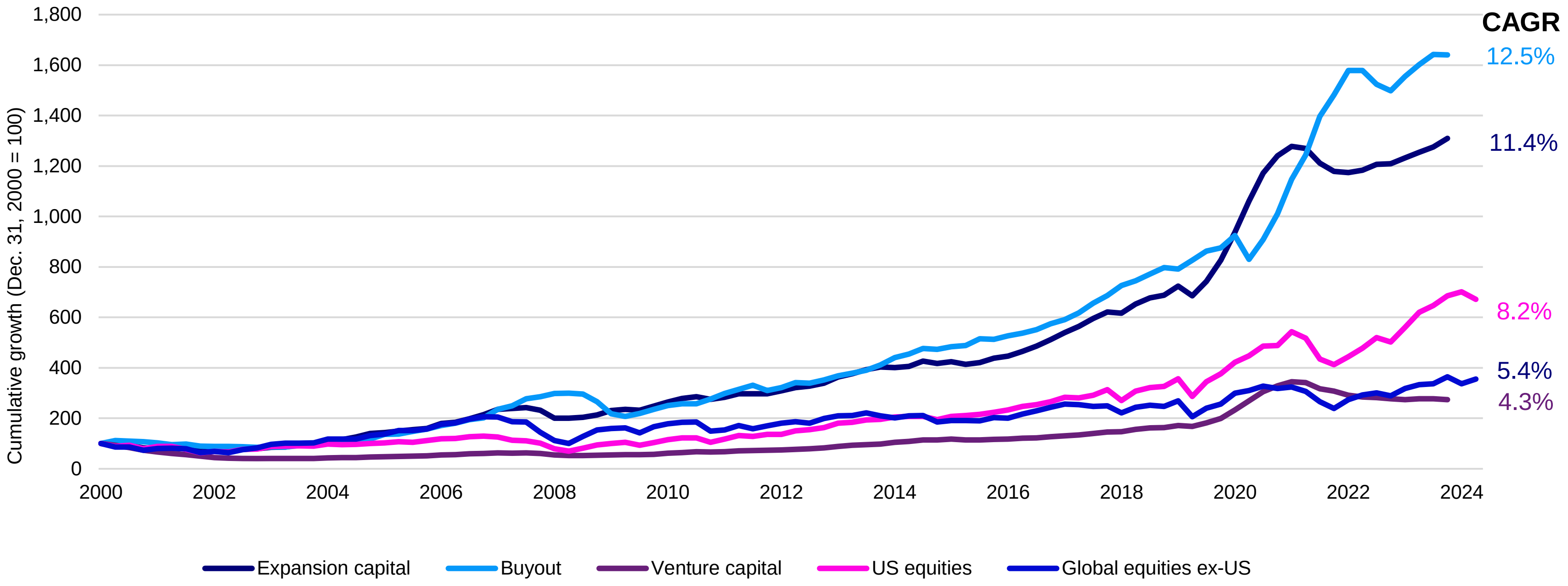
Continued focus on growth

Returns for large buyouts have performed well despite the challenges facing the asset class. We anticipate growth equity and expansion capital to outperform, given significant investor demand for equity-financed deals versus those that are backed by expensive debt. Venture capital has begun to recover as valuations outside of AI have begun to expand.

Sources: Invesco Solutions, Pitchbook, views as of May 12, 2025.

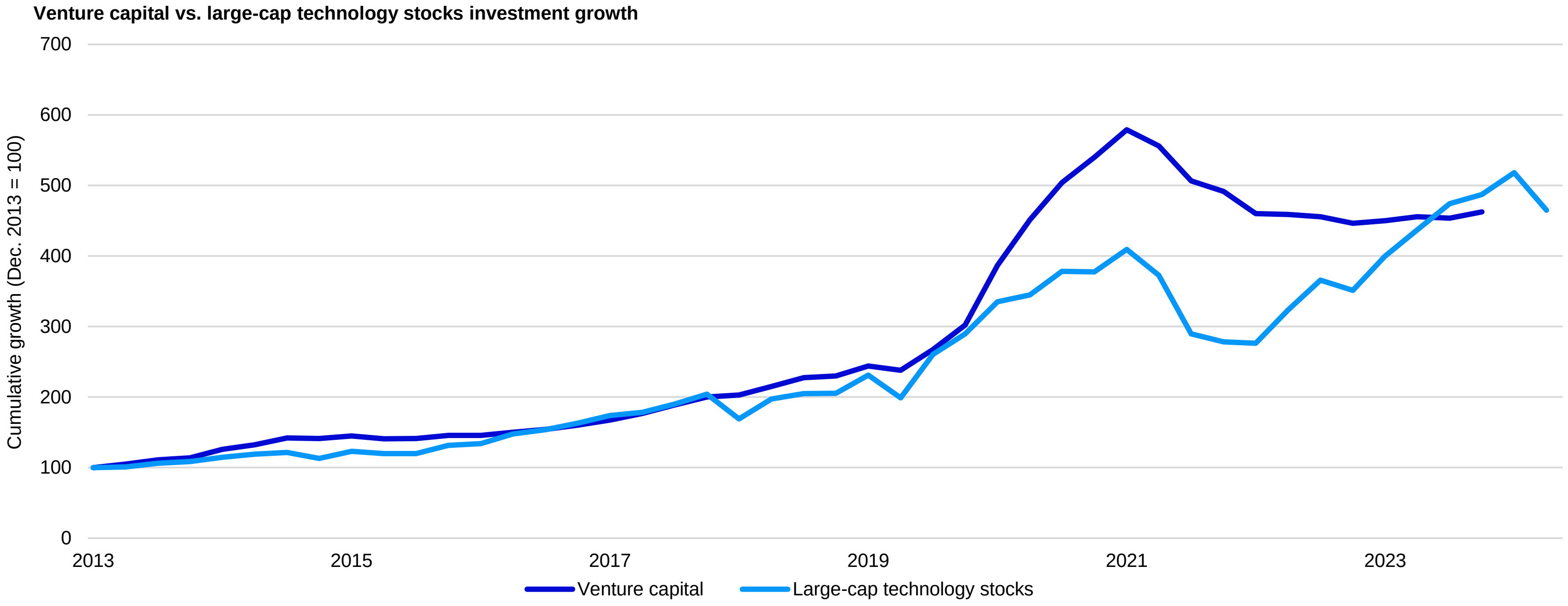
Cumulative growth of private equity vs. public equity

Private equity vs. public equity investment growth



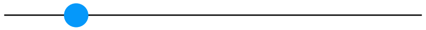
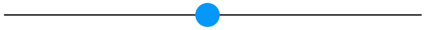
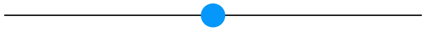
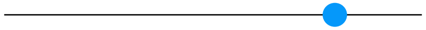
Sources: Investment growth of 100; Private asset index return data: expansion capital, and VC / growth equity from Preqin; large buyout index return data from Burgiss and are net of fees. US equity returns represented by Russell 3000 TR index; Global ex-US equity returns represented by MSCI ACWI ex USA net TR index are gross of fees. All data is quarterly from Dec. 31, 2000 to Mar. 31, 2025 or most recently available. **Past performance does not guarantee future results**. Please see appendix for index proxies.

Cumulative growth of venture capital vs. large-cap technology stocks



Sources: Investment growth of 100; Private asset index return data (VC) from Burgiss and are net of fees, quarterly from Dec. 31, 2013 to Sept. 30, 2024; Technology stocks represented by Nasdaq Composite TR Index are gross of fees, quarterly from Dec. 31, 2013 to Mar. 31, 2025. **Past performance does not guarantee future results**.

Views on private assets: Private equity

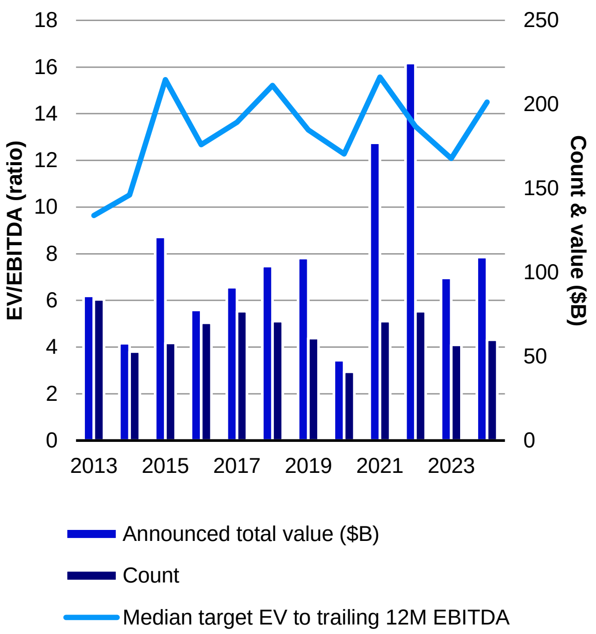
Investment type	Allocation range Underweight Neutral Overweight	Comments
Large buyout		• Exposure to high quality companies backed by strong management teams. • Renewed opportunity for take-private transactions and private-to-private exits at favorable valuations balanced by headwinds from high cost of debt.
Growth/expansion equity		• Profitable franchises exposed to secular growth themes. • Less competition for deals from the IPO or SPAC markets. • Heightened focus on platforms.
Venture capital		• Exposure to a wide variety of disruptive technologies and secular growth themes at an early stage. • Challenging exit environment with the potential for a sustained period of “down rounds.” • Valuations have corrected meaningfully in recent quarters.
Secondaries		• Robust volumes. • Attractive discounts, particularly in venture and real estate. • Secular tailwinds in GP-led space.

Source: Invesco Solutions, views as of May 12, 2025. For illustrative purposes only.

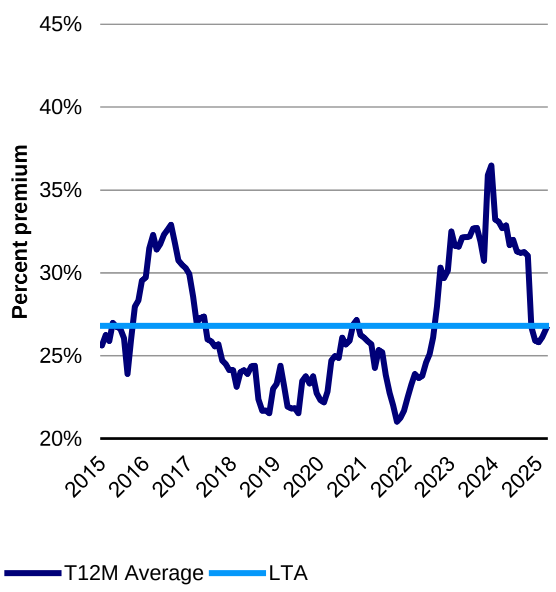
US large buyout take-private volume and EV/EBITDA valuations

Transaction volume near pre-COVID-19 levels. Premiums have reverted to their long-term averages from recent peaks.

Take-private deal volume compared to EV/EBITDA



M&A deal premium vs. long-term average

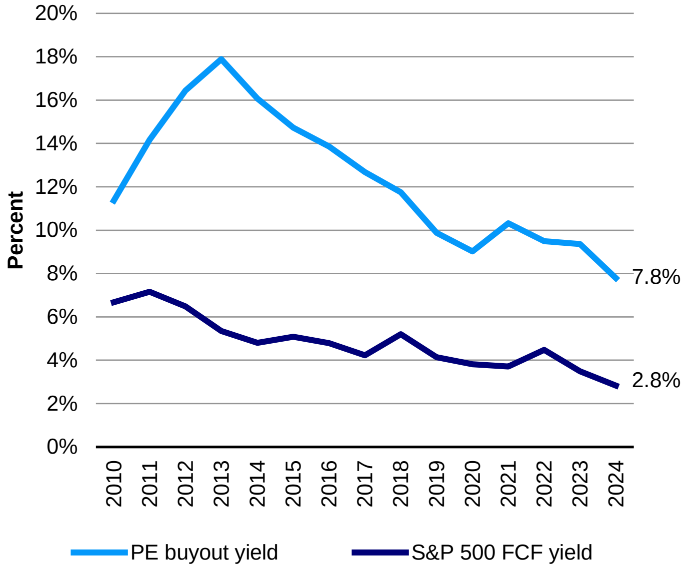


Sources: Invesco Solutions, Pitchbook, Bloomberg L.P., as of Mar. 13, 2025.

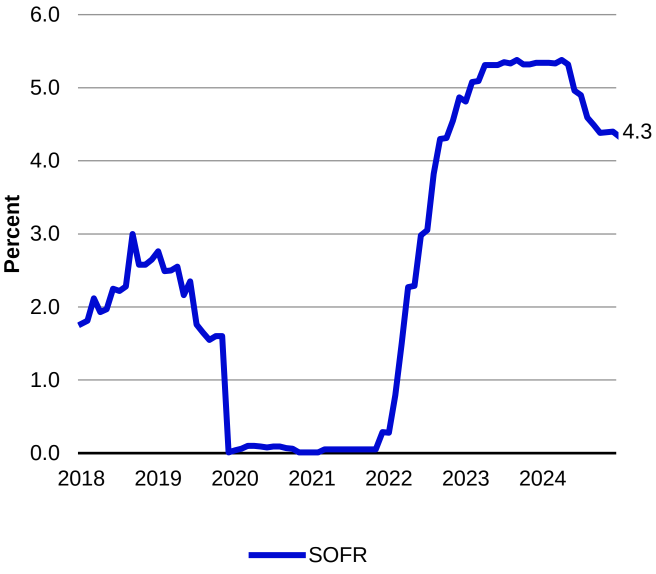
US large buyout vs. equity market yield

While purchase prices have moderated slightly, this is more than offset by elevated financing costs. We anticipate this pressure will ease as base rates are lowered.

Buyout yield vs. US equity market yield



Financing rates (SOFR)

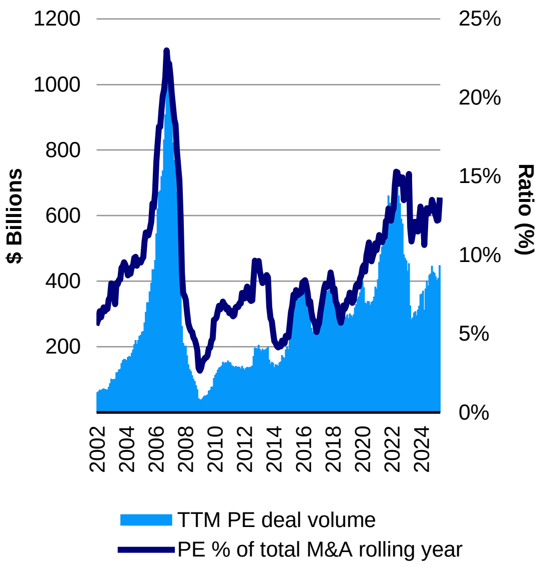


Sources: Invesco Solutions, Pitchbook LCD, Bloomberg L.P., as of Dec. 31, 2024. SOFR as of Apr. 14, 2025. PE buyout yield is calculated from Pitchbook LCD using their global PE LBO universe multiples weighted by LBO loan volume and subtracting maintenance capex (assumption of 1.25%) and financing costs (a 3-year average of leveraged loan spreads from Bloomberg multiplied by current Debt/Equity levels from Pitchbook LCD). **Past performance is not indicative of future results**.

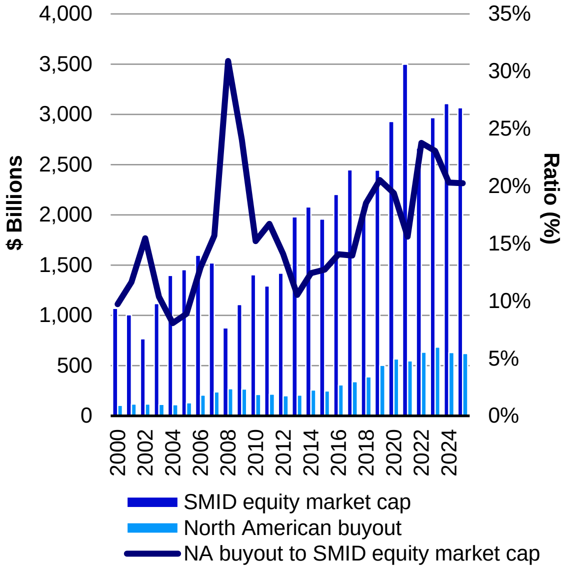
Buyout and IPO deal volume

Limited exit opportunities favor those with dry powder and should drive an increase in private-to-private deal activity

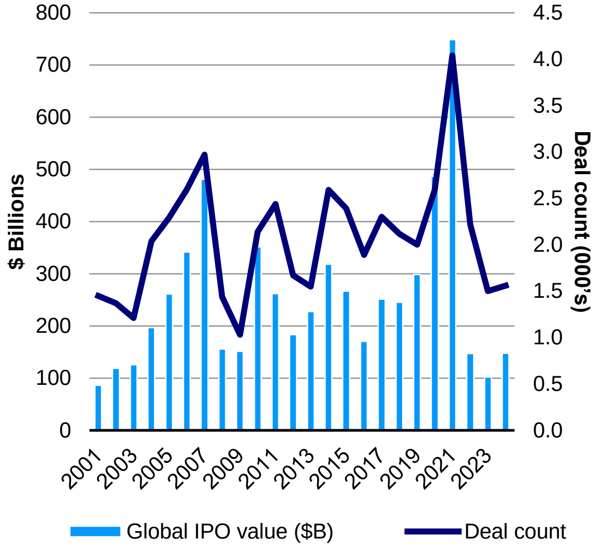
PE deal volume



PE dry powder to target's market cap



Trailing year IPO activity

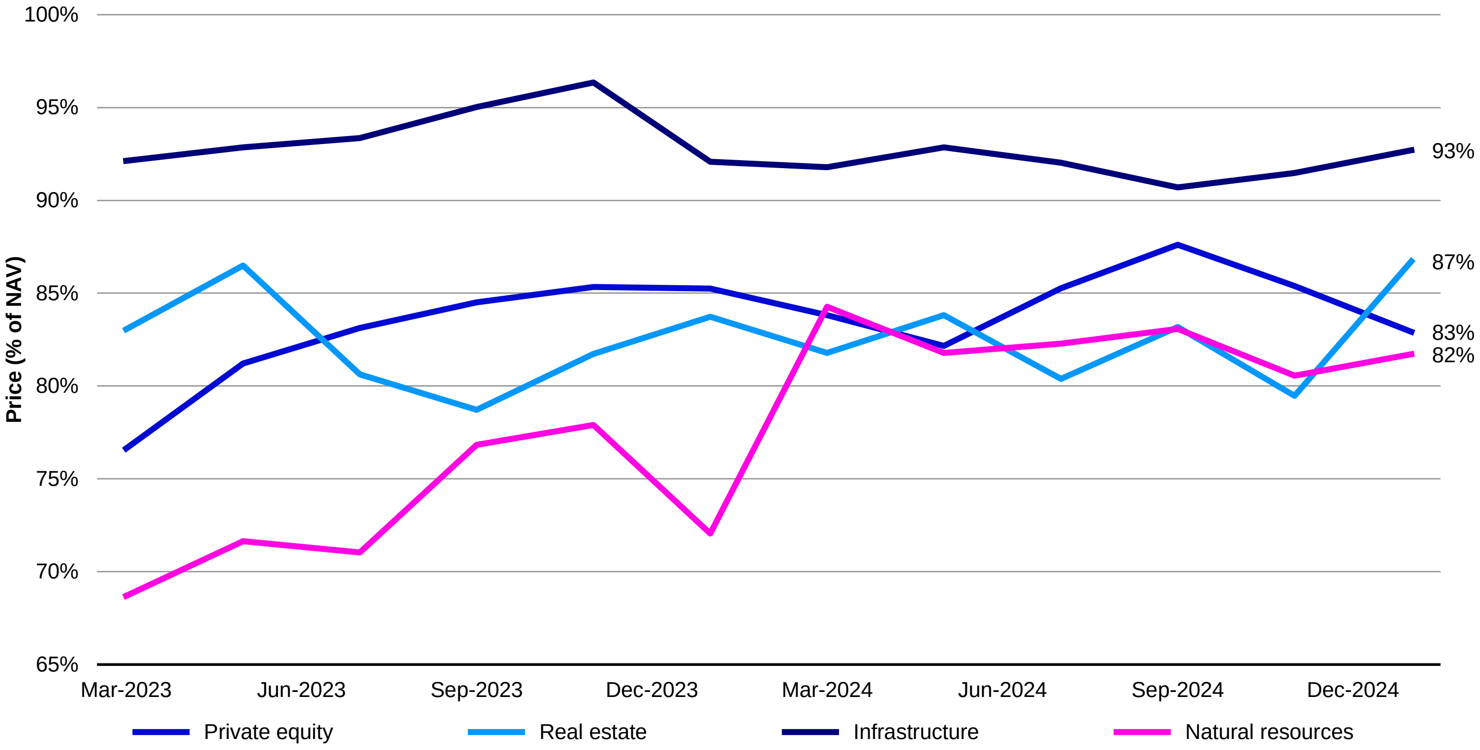


Sources: Invesco Solutions, Pitchbook, Preqin, Bloomberg L.P., latest data available, as of Mar. 31, 2025. 2025 data in the middle chart, PE dry powder to target's market cap, is YTD, as of Mar. 31, 2025.

Secondaries pricing of private assets

While purchase prices have broadly stabilized, discounts remain elevated to long-term (pre-COVID-19) histories, particularly in real estate.

Price of secondaries as a percent of NAV



Source: SecondaryLink, as of Jan. 01, 2025.

Real assets

Real estate and infrastructure

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2025 alternative opportunities – Q2 outlook: Real assets

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Invesco Global Real Estate

Neutral real assets as valuations approach trough, starting to appear attractive in real estate

Asset class	Overall	Valuations	Fundamentals	Secular trend
Real estate	Neutral	Attractive	Neutral	Neutral
Infrastructure	Neutral	Unattractive	Attractive	Attractive

Real estate

We remain neutral on real estate and are generally funding real assets from a combination of equity and debt. While cap rates remain muted relative to interest rate levels, we view real estate valuations as relatively attractive compared to public and private equity markets. After recent policy and sentiment volatility, the bond market is back to pricing in three Federal Reserve (Fed) interest rate cuts by the end of 2025, which should be supportive for lending costs and cap rates. Cap rates are currently aligned near borrowing costs for most sectors, so the real estate market is pricing in net operating income (NOI) growth to drive returns. Slowing economic activity puts NOI growth at risk, and that's without including recessionary or stagflation risks, which economists are suggesting are small but growing probabilities. Real estate returns are dependent on the balance of the reduced cap rate pressures and reduced income growth.

- Revenue growth may face new challenges that require skillful location and asset selection.
- High cap rate sectors with stable income may help hedge the potential for sustained higher interest rates.
- Real estate credit continues to provide better relative value than equity, though recent price gains have partially recovered.

Infrastructure

Despite above-average valuations and record levels of dry powder, post-election policy and regulatory clarity may provide a runway for investors to start deploying capital.

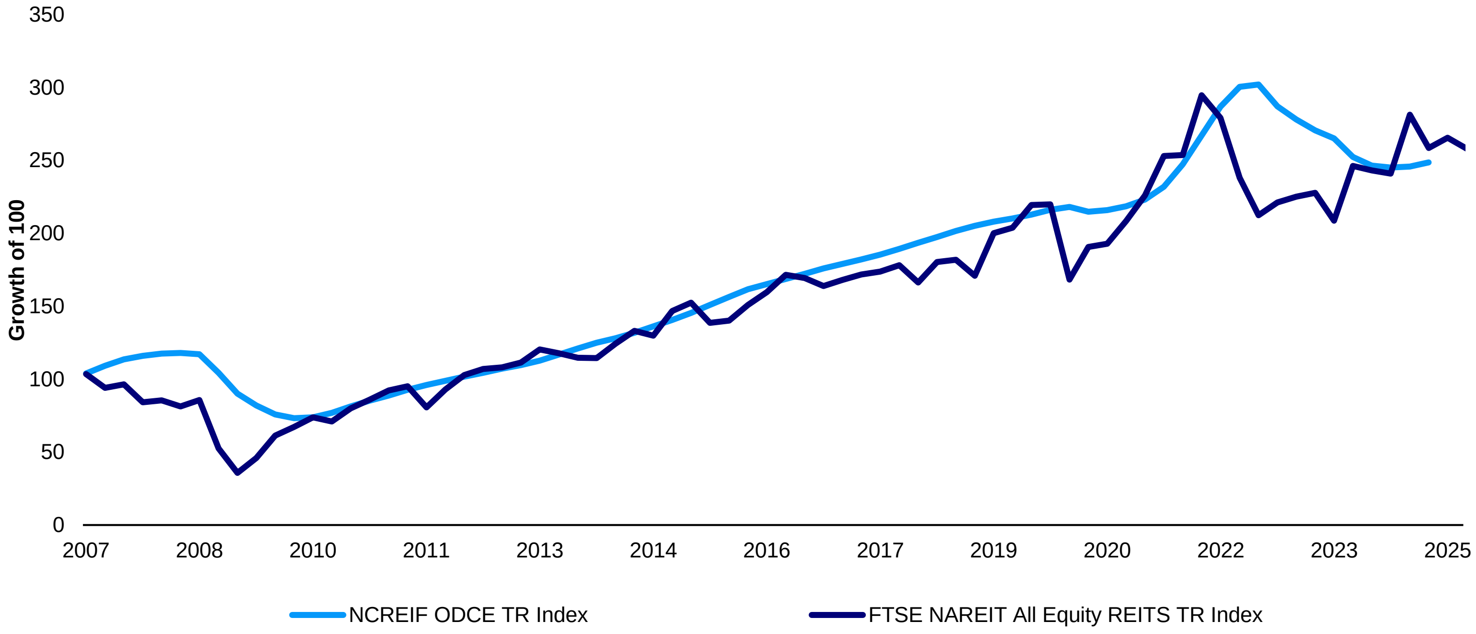
Infrastructure benefits from strong fundamentals and secular tailwinds, including:

- Continued momentum in the digital and energy transition/renewables sectors driven by well-understood themes like digitization and AI and the need for supportive power infrastructure.
- Strong fundamentals in the transportation sector driven in part by the post-pandemic rebound in travel and commerce.

Sources: Invesco Solutions, Invesco Real Estate, views as of Apr. 7, 2025.

Cumulative growth of listed vs. unlisted real estate

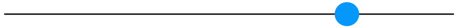
Listed and unlisted real estate performance 2006-2025, Dec. 2006=100



Public REITs are leading direct real estate performance

Source: Invesco Solutions, based on data from NCREIF ODCE TR Index representing unlisted real estate performance, as of Mar. 31, 2025, and FTSE NARIET All Equity REITS TR Index representing listed real estate performance as of Dec. 31, 2024. Listed real estate is gross of fees while unlisted is net of fees. **Past performance does not guarantee future results.**

Views on private assets: Real assets

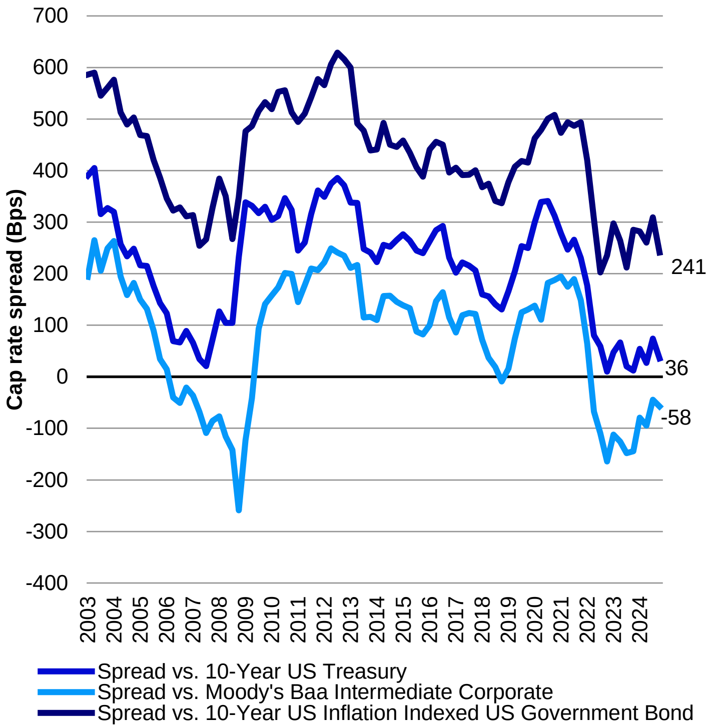
Investment type	Allocation range (Underweight / Neutral / Overweight)	Comments
Real estate core		• Public and private valuations have converged, and we expect the trough in valuations is imminent. • Exposure to high quality real estate assets with stable current income. • Potential headwinds to existing cap rates resulting from rapid rise in interest rates. • Mixed outlook varies by sub-sector.
Real estate value add/opportunistic		• Focus on dislocations in credit markets. • High levels of economic and market volatility may create attractive opportunities.
Infrastructure core		• Exposure to current inflation-linked income backed by long-term contracts and/or concessions. • Broad-based fundamental tailwinds across sub-sectors balanced by high valuations.
Infrastructure value add/opportunistic		• Includes exposure to brownfield and greenfield projects. • Tailwind from secular growth themes (renewables, digital) and increased government support (IIJA).

Source: Invesco Solutions, views as of May 12, 2025. For illustrative purposes only.

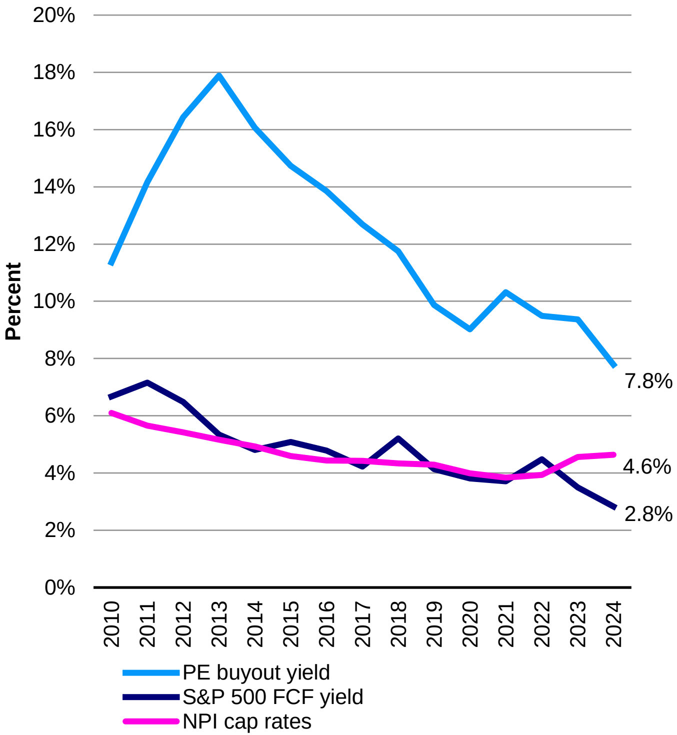
Real estate cap rate spreads

Direct real estate valuations remain elevated relative to other income-generating alternatives; however, they appear to have bounced from recent lows and stabilized. Cap rates relative to public equity yields are the most attractive they've been post-GFC.

Real estate cap rate spreads to fixed income



Real estate cap rates relative to public and private equity yields

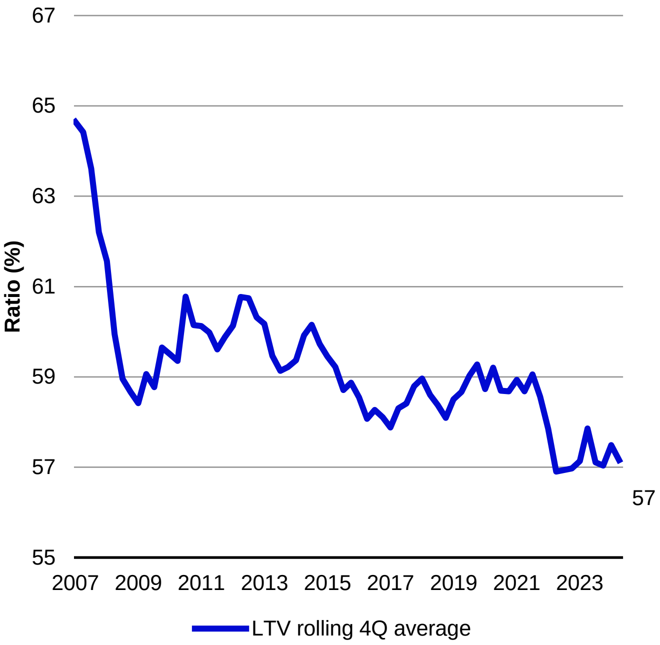


Sources: Invesco Solutions, NCREIF, Moody's Analytics, S&P, Pitchbook LCD, as of Dec. 31, 2024.

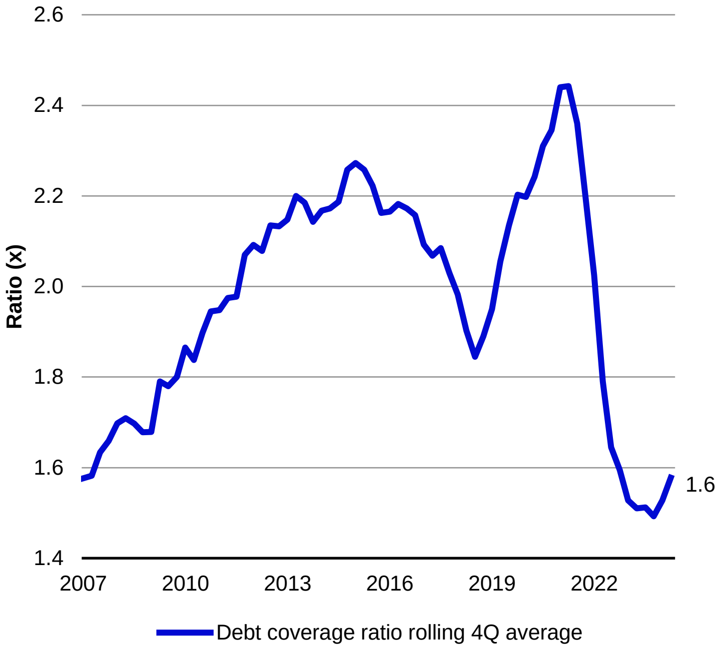
Real estate leverage (loan-to-value, LTV) and debt coverage ratio

Modest levels of leverage in the system post-GFC should moderate systemic risk. We are currently monitoring interest coverage ratios.

LTV rolling 4Q average



Debt coverage ratio rolling 4Q average

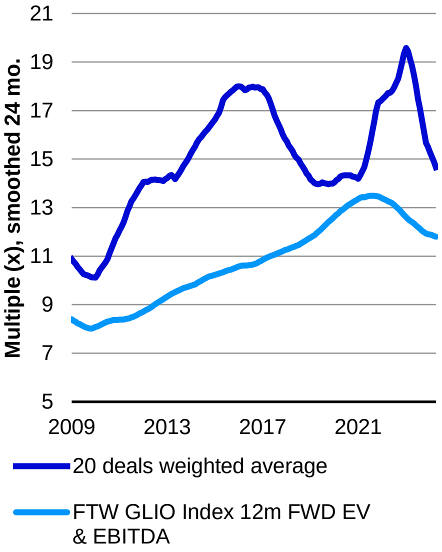


Sources: Invesco Solutions, NCREIF, Moody's Analytics, as of Dec. 31, 2024.

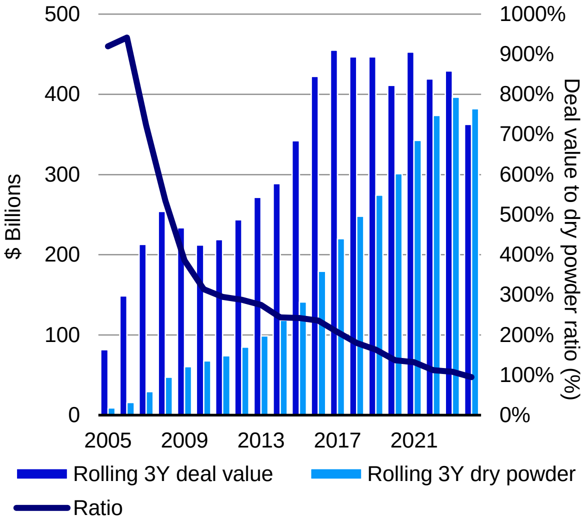
Infrastructure

Elevated valuations combined with robust dry powder are offset by an expanding opportunity set with long-term secular tailwinds

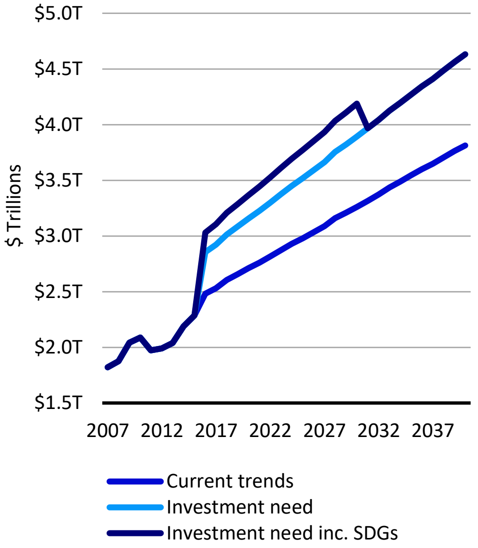
Infrastructure EV/EBITDA



Deal value to dry powder ratio



Investment need in infrastructure



Sources: Invesco Solutions, Pitchbook, Preqin, Global Infrastructure Hub, as of Feb. 28, 2025.

Hedge funds

Event-driven and systematic trend

4

Invesco

2025 alternative opportunities – Q2 outlook: Hedge funds

Jeff Bennett, CFA
Head of Manager Selection
Invesco Solutions

Overweight hedge funds, given current levels of arbitrage spreads and a central bank easing cycle

Asset class	Overall	Valuations	Fundamentals	Secular trend
Event-driven and arbitrage	Overweight	Neutral	Neutral	Attractive
Systematic trend	Overweight	Neutral	Neutral	Attractive

Hedge funds

With low correlations to traditional assets and the possibility for higher-for-longer interest rates, we believe hedge funds are particularly attractive. Since hedge funds operate off a spread, elevated base rates provide a generous tailwind. While not our base case, a deeper market correction due to a recession or inflation resurgence may prove hedge funds to be a valuable alternative within a portfolio.

Event-driven and arbitrage

Spreads within event-driven strategies remain high despite limited capital market activity from mergers and acquisitions as private equity remains sidelined. With the possibility of an improved corporate action environment due to aging private equity capital, lower interest rates, and a potentially easier, albeit volatile, regulatory environment post-election, these strategies may have tailwinds into 2025.

Systematic trend

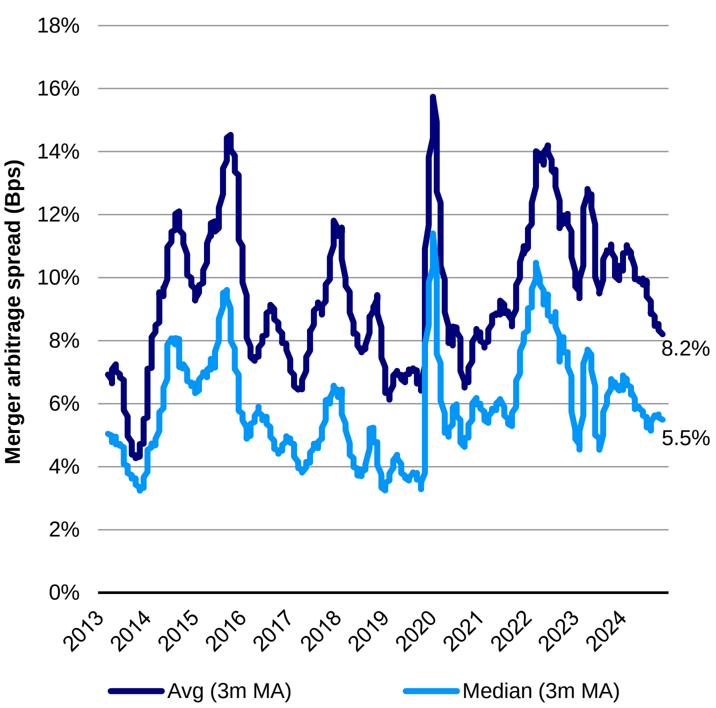
With the Federal Reserve (Fed) beginning to cut interest rates from elevated levels, we analyzed how systematic trend strategies perform in this market environment. Our first finding is that trend strategies outperform when base rates are above average and falling. Additionally, the correlation of systematic trend funds to US equities is significantly negative as the fed funds rate is lowered, allowing for diversification benefits within asset allocations.

Source: Invesco Solutions, views as of Apr. 7, 2025.

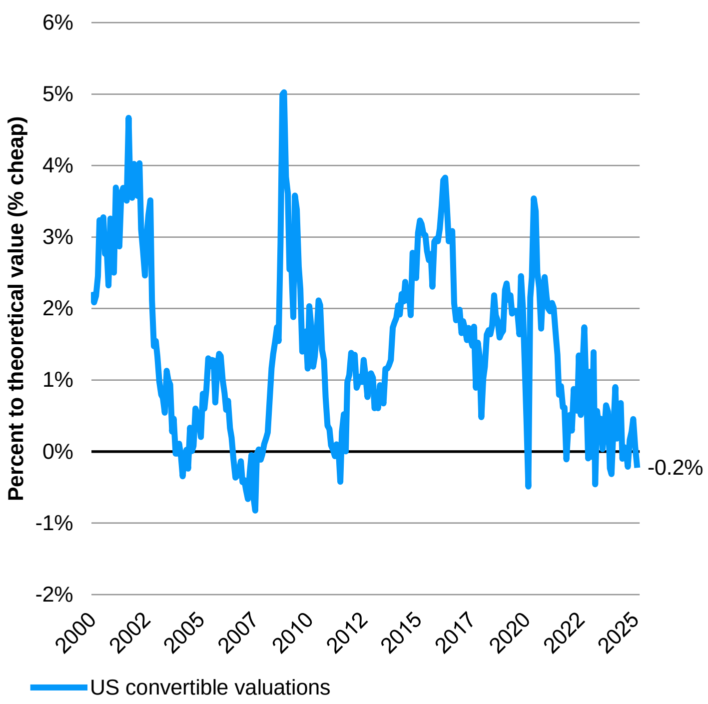
Merger arbitrage and convertible arbitrage

Spreads are wide on a variety of measures within merger arbitrage. Convertible valuations relative to theoretical value are slightly below average.

Merger arbitrage spreads (annualized, net of SOFR)*



US convertible valuations

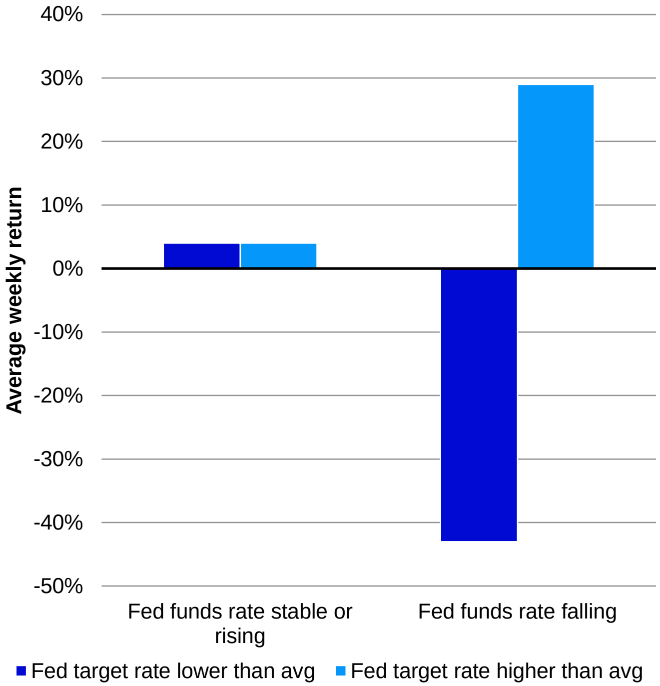


Sources: Invesco Solutions, UBS Special Situations, Moody's Analytics, S&P, Pitchbook LCD, latest data available as of Mar. 7, 2025. *Merger arbitrage averages and medians are only for definitive deals with more than 5 days to expected closing and impose a 0% floor and 50% cap.

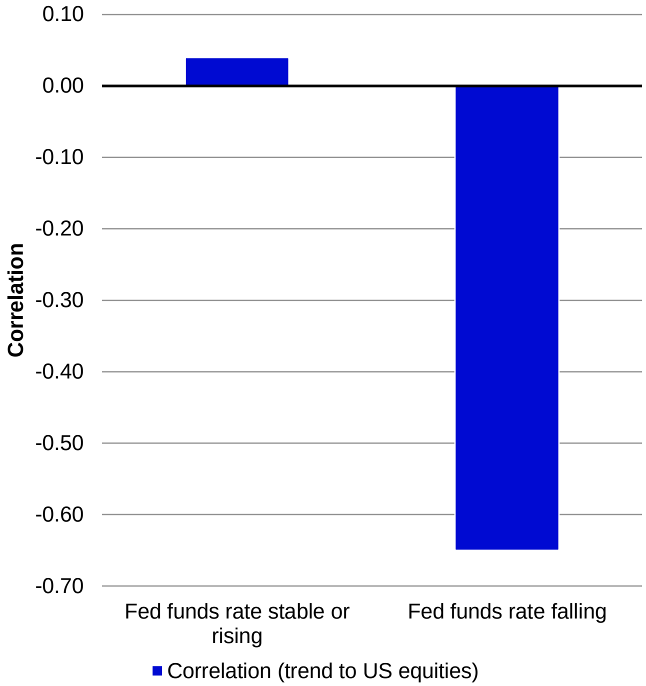
Systematic trend

Trend strategies tend to outperform when base rates are above average and falling. Further, their correlations to US equities are significantly negative as the Fed funds rate is lowered.

Trend category returns during different Fed cycles



Correlation of systematic trend with US equities



Sources: Invesco Solutions, Morningstar, Bloomberg L.P., as of Nov. 30, 2024.

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We help support better investment outcomes by delivering insightful and thorough analytics. By putting analytics into practice, we develop investment approaches specific to investors' needs. We work as an extension of investors' teams to engage across functions and implement solutions.

The foundation of the team's process is the development of capital market assumptions — long-term forecasts for the behavior of different asset classes. Their expectations for returns, volatility, and correlation serve as guidelines for long-term, strategic asset allocation decisions. Assisting clients in North America, Europe, and Asia, Invesco's Solutions team consists of over 75 professionals with 20+ years of experience across the leadership team. The team benefits from Invesco's on-the-ground presence in 25 countries worldwide, with over 150 professionals to support investment selection and ongoing monitoring.

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Disclosures

Appendix: Asset class proxies and indices

Asset Class	Index Name
IG All	ICE BofA US Corporate Index
IG AAA	ICE BofA AAA US Corporate
IG AA	ICE BofA AA US Corporate
IG A	ICE BofA Single-A US Corporate
IG BBB	ICE BofA BBB US Corporate
HY All	ICE BofA US High Yield
HY BB	ICE BofA BB US High Yield
HY B	ICE BofA Single-B US High Yield
HY CCC	The Bloomberg Caa US High Yield Index measures the USD-denominated, Caa-rated, high yield bonds.
Lev Loan All	MS LSTA Lev Loan Index
Lev Loan BB	MS LSTA Lev Loan Index - BB
Lev Loan B	MS LSTA Lev Loan Index - B
CLO AAA	J.P. Morgan Collateralized Loan Obligation Index (CLOIE)
CLO AA	J.P. Morgan Collateralized Loan Obligation Index (CLOIE)
CLO A	J.P. Morgan Collateralized Loan Obligation Index (CLOIE)
CLO BBB	J.P. Morgan Collateralized Loan Obligation Index (CLOIE)
CMBS AAA	I30885 Index OAS, US Agency CMBS: Agg Eligible
Agency MBS	I16160 Index OAS, US MBS: Agency Fixed Rate MBS
CMBS AA - BBB	CB50 Index
Auto ABS	Bloomberg ABS Auto Total Return Index Value Unhedged USD. (Legacy Ticker: LAATTRUU)

Asset Class	Index Name
Expansion capital	Preqin Expansion Capital Index
Venture capital (VC)	Preqin Venture Capital Index
Growth equity	Preqin Growth Equity Index
Large buyout	Burgiss Global Large Buyout Index
US equity	Russell 3000 Index
Global ex-US equity	MSCI ACWI ex USA Index
Venture lending	Cliffwater Venture Lending Index
Senior direct lending (DL)	Cliffwater Senior Direct Lending Index

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations), and investors may not get back the full amount invested.

Alternative strategies may include investments in private equity, private credit, private real estate and infrastructure, which may involve additional risks such as lack of liquidity and concentrated ownership. These types of investments may result in greater fluctuation in the value of a portfolio. Private Market investments are exposed to risk, which is the risk that a counterpart is unable to deal with counterparty obligations. Changes in interest rates, rental yields and general economic conditions may result in fluctuations in the value of any underlying strategies. These types of strategies may carry a significant risk of capital loss and other market risks.

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