WELLINGTON
MANAGEMENT®

February 2025

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Celebrating 25 years of Opportunistic Fixed Income

This year, the Opportunistic Fixed Income (OFI) strategy, managed by Brian Garvey, Brij Khurana, and Rakesh Yeredla, celebrates its twenty-fifth anniversary. Launched in 2000 — before there was a style category called unconstrained fixed income — this strategy has adeptly navigated three US recessions, four different US Federal Reserve Chairs, and a federal funds target rate dropping from 6.5% to 0% and back up to 5.5%.

The portfolio is proof that innovation comes from listening to our clients. A Wellington client wanted to exploit opportunities beyond traditional core fixed income portfolios but faced challenges doing so given the time and research required. In response, we created OFI.

We're thankful for the client's prescient request, as an ever-growing subset of asset owners have come to value the return potential and diversification benefits of dynamic sector/country rotation across the global fixed income universe. We're happy to have delivered total returns matching multi-asset credit benchmarks with 5.3% gross of fees (4.8% net of fees) with nearly 2% less volatility since Brian Garvey took over the approach in January 2008.

As we celebrate the strategy's anniversary, we thank our clients for their trust over the past quarter-century, share our excitement to continue delivering for them, and reflect on what's driven the Fund's longevity and asymmetric return profile (**Figure 1**).

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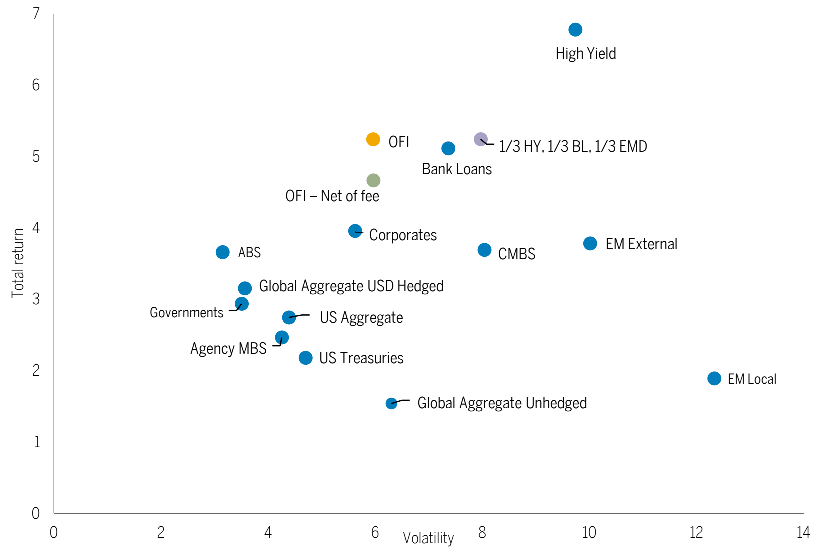
Figure 1
Higher risk-adjusted returns[1]



Source: Wellington Management | PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE. | Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. Net performance results are based on the highest published US advisory fee for this product, include reinvestment of dividends and other earnings, and are net of advisory fees, commissions, and other direct expenses, but before custody charges, withholding taxes, and other indirect expenses. Composite returns have the potential to be adjusted until reviewed and finalized 30 days following each calendar quarter end period. | This information complements the GIPS® Composite Report included at the end of the materials. | Chart data: 1 January 2008 – 31 December 2024.

Maintaining perspective: Every decade is different

Our team's motto is "every decade is different." This idea stands in opposition to investor psychology, which tends to favor the past. History suggests the worst strategic asset-allocation decision is to extrapolate current or past dominant trends to inform future decision making.

When investors experience a long period of frustration with one area of the market, unwinding that negative sentiment can take time. Once sentiment begins to improve, it can reinforce positive fundamental change and help launch long-term bull markets. This aspect of our philosophy has been key to capturing many sector rerating stories over the years — emerging market external debt in the early 2000s, European peripheral debt and US high yield in the 2010s, and our preference for inflation-linked debt in the post-COVID era (**Figure 2**). It's why today we're largely avoiding US high-yield debt, the sector that has been the undeniable standout performer over the past decade. Current high-yield spread levels typically point to negative future excess returns, and back-to-back years of recording a Sharpe ratio above 2.0 have historically led to subpar high-yield returns and rising volatility in the ensuing year.

[1]The data shown is of a representative account, is for informational purposes only, is subject to change, and is not indicative of future portfolio characteristics or returns. The representative account shown became effective on 1 May 2009, because it was the oldest 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. Actual results may vary for each client due to specific client guidelines, holdings, and other factors. In limited circumstances, the designated representative account may have changed over time, for reasons including, but not limited to, account termination, imposition of significant investment restrictions, or material asset size fluctuations. PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE. Gross performance results are net of commissions and other direct expenses, but before (gross of) advisory fees, custody charges, withholding taxes, and other indirect expenses, and include reinvestment of dividends and other earnings. Net performance results are based on the highest published US advisory fee for this product, include reinvestment of dividends and other earnings, and are net of advisory fees, commissions, and other direct expenses, but before custody charges, withholding taxes, and other indirect expenses. Example account returns have the potential to be adjusted until reviewed and finalized 30 days following each calendar quarter end period. This information complements the GIPS® Composite Report included at the end of the materials.

Figure 2

Select allocations over OFI's 25-year history

A WINDOW INTO WELLINGTON FOR OVER TWO DECADES

2000s	2010s	2020s
2000 European Bond High Yield	**2013** European Sovereigns	**2020** Credit Dislocation Core Challenges Covid Recovery Sustainable Bond
2003 Emerging Markets Debt	**2014** Credit Relative Value European Financials	**2022** Short Cycle Credit Stranded Credit Term Premia Normalization
2004 Currency Total Return	**2016** Short Duration Structured Products	**2023** Absolute Return Mortgages European Financial Credit
2006 Credit Opportunities Market Neutral Emerging Markets Debt	**2017** Global Credit Absolute Return	**2024** Discretionary Macro Rates Tactical Global Rates
2008 Absolute Return Bond & Currency Government Relative Value	**2019** Blended Emerging Markets Debt	
2009 Agency MBS Opportunistic Emerging Markets Debt		

Source: Wellington Management. As of 31 January 2025.

We believe prudent investment decisions aren't the result of recency bias. They're the product of identifying the unique structural footprint of each business cycle. In our view, this is what creates truly singular, noncore investment opportunities.

Remembering the forgotten art of fixed income portfolio construction

We find that many fixed income portfolio managers are so focused on credit security selection that they neglect overall portfolio construction. In our view, optimal portfolio construction begins with the recognition that most risk arises from top-down decisions, not bottom-up security selection. A well-built portfolio has several layers of diversification embedded in its structure — sectors with different return drivers; varying time horizons; and a range of geographies, investment styles, and objectives.

The portfolio structure we've followed for 25 years rests on three main return drivers:

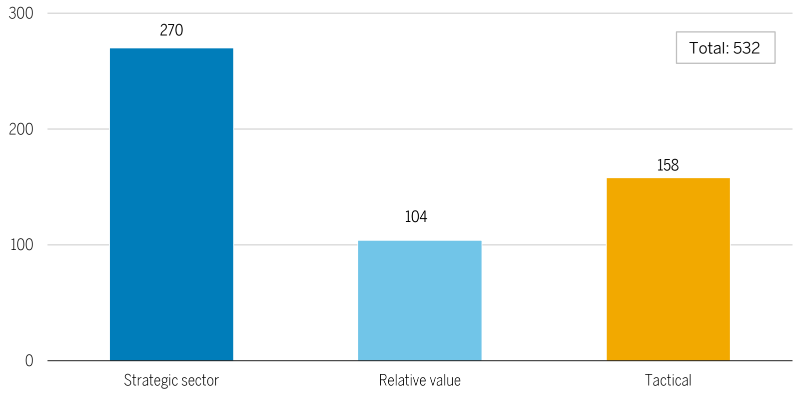
- Longer-term, strategic sector positions that capture the repricing of multiyear structural themes
- Higher-frequency absolute return strategies that exploit relative value opportunities across credit, interest-rate, and foreign exchange markets
- Tactical/hedging positions that profit from short-term volatility

By combining these three components, we aspire to create a portfolio capable of weathering storms while seeking to maximize total return and reduce correlations with core fixed income indices (**Figure 3**).

Figure 3

Annualized total return contribution by strategy (bps)[1]

Gross, USD, January 2008 – January 2025



This inherently portfolio-diversifying process also minimizes the need for constant, "on-the-fly" risk management, since downside-risk mitigation is built in. This, we feel, is a good thing, since drawdowns can be both time consuming and psychologically draining. Less time in "drawdown mode" means more time for thematic research to identify the next asymmetric return opportunity.

Finding alpha through breadth

We believe strong, actively managed portfolio construction relies not only on a skilled team in the driver's seat , but also the space they're given to navigate. OFI has access to a wide breadth of markets (and long/short processes), which gives the portfolio a diverse array of options to pursue, while other funds often have a one-dimensional focus on duration or currency, for example.

We've spent 25 years unafraid to pivot, turn, and try new routes to meet the road in front of us. For example, today, the number of holdings in the portfolio is four times what it was 10 years ago. This includes longs and shorts, as over the years we've become much more active in shorting securities.

Everyone on the team is empowered to think outside the box and pursue nonmainstream ideas, which allows us to go beyond core fixed income sectors to include less efficient, often niche markets that may be under-researched and poorly understood. This can make it easier to find (and capture) mispriced opportunities. It's taken us from Iceland to Greece and made us early adopters of contingent convertible (CoCo) and credit risk transfer (CRT) securities.

What's more, our team sits at the nexus of the fixed income, equity, commodity, and multi-asset teams at Wellington, allowing us to access the information flow across asset classes. We believe this gives us an advantage because cross-pollination of perspectives often translates into differentiated fixed income trades.

Seeking to maximize returns by minimizing portfolio biases

Bias can destroy even the shrewdest investor, so identifying biases early and honestly is critical. One way our OFI managers endeavor to do this is by quantifying where every security we hold stands from a rally or correction standpoint versus history. For example, at the time of writing, five-year TIPS breakevens have rallied nearly 4.5% during their current

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155-day upcycle. This is somewhat extreme relative to history, so we've been reducing our exposure, even though they're doing well. We also compare this rally to other cyclical assets, to see if there is a cheaper way to express the view. So, we may have a bias toward inflation-linked bonds given our analysis of the business cycle but quantifying how much they've rallied and for how long helps us tactically disengage from the trade.

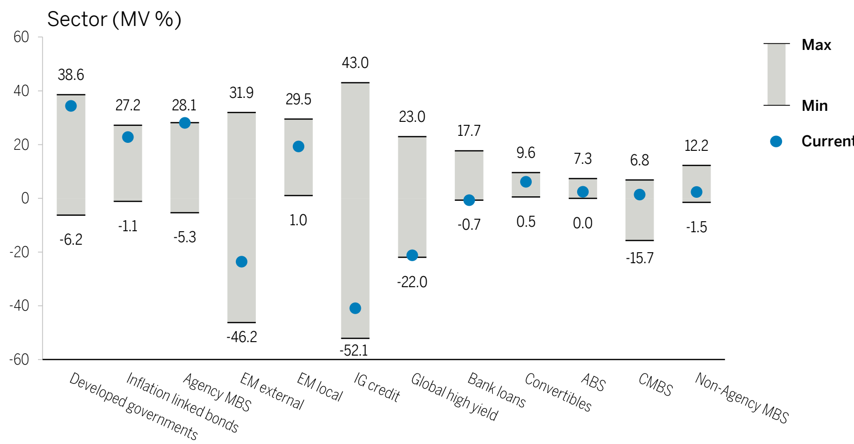
The second thing we do is try to allocate to managers who think differently about markets than we do. Engaging with managers with different philosophies or specialties within fixed income can help us mitigate biases in our portfolios because we're adding decision makers with complementary skills.

The breadth and depth of Wellington's fixed income platform has been instrumental in making OFI a highly flexible, go-anywhere fixed income approach. There are currently 12 highly specialized fixed income investors managing securities in idiosyncratic sectors like European financials credit and US capital securities who are directly involved in OFI portfolios. We have a history of successful collaboration with numerous Wellington credit research analysts and portfolio managers, many of whom have gone on to build standalone strategies that evolved from our initial allocations. For this reason, we often describe OFI as a gateway into Wellington Management's highest-conviction ideas across the fixed income universe.

When you put it all together at the overall portfolio level, we're most proud of the fact that over the long term, OFI doesn't have a factor footprint, meaning chronic sector over/underweights that are symptomatic of biases. We are just as likely to be short a sector as long. We think this dynamism when it comes to sector rotation not only differentiates us from our peers but also resonates well with clients.

FIGURE 4

Dynamic sector positioning



Source: Wellington Management. Based on monthly net exposure, inclusive of derivatives from 30 September 2009 through 31 December 2024. Inception date is based on the earliest date in which we can attain exposures data, which is calculated through an internal proprietary system. The data shown is of a representative account, is for informational purposes only, is subject to change, and is not indicative of future portfolio characteristics or returns. Total annualized returns and other data prior to this time are presented on other pages or are available upon request. | Range of historical sector exposures are based on monthly representative account data over the stated period. | Chart data: 30 September 2009 – 31 December 2024.

Looking ahead

This year is shaping up to have a macro backdrop very few investors have ever experienced. Most central banks are loosening policy into what we would characterize as historically tight labor markets. The scale and impact of US tariffs will be an ongoing uncertainty, and the market will likely continue to oscillate between different macro narratives. Uncertainty around the direction of the economic cycle may force investors to consider a wider distribution of cyclical outcomes and policy responses. This sets the stage for:

- **Greater differentiation between countries.** As globalization takes a different, more reduced form, the value of understanding local markets increases and with it the opportunity set. Looking ahead, we should expect less correlation between countries and greater policy divergence.
- **Greater spread volatility in credit markets.** Last year, credit market volatility disappeared. The maximum drawdown in the US high-yield market was only 1.6%. Such a benign environment is unlikely this year given the unconventional (and sometimes chaotic) policy environment, and far more unpredictable and dangerous national security backdrop.
- **US exceptionalism is likely to be tested.** The world has parked its savings in US financial assets for the last 25 years, but going forward, the growth/inflation trade-off in the US economy is likely to deteriorate, making it look less exceptional.

We believe OFI is well suited for this environment because it has historically benefited from periods of elevated uncertainty and market volatility. For 25 years, our team has stayed true to a philosophy and process that seeks to maximize returns across the widest possible investment universe, tapping into multiple sources of alpha. We're confident this approach can continue to serve us well and we're excited to see what the next 25 years hold for the strategy.

Wellington Management
Composite: Opportunistic Fixed Income Broad
Schedule of Performance Returns from 01 January 2014 to 31 December 2023

Period	*Gross Return (%)*	*Net Return (%)*	*Benchmark1 Return (%)*	*Benchmark2 Return (%)*	*Number of Portfolios*	*Internal Dispersion (%)*	*Composite Mkt.Value (USD Mil)*	Total Firm Assets *(USD Mil)*
2014	5.75	4.86	5.97	7.59	< 6	N/M	2,527	914,109
2015	0.43	-0.42	0.55	1.02	< 6	N/M	2,172	926,949
2016	8.23	7.56	2.65	3.95	< 6	N/M	1,996	979,210
2017	6.34	5.76	3.54	3.04	< 6	N/M	2,315	1,080,307
2018	1.14	0.58	0.01	1.76	< 6	N/M	2,693	1,003,389
2019	11.08	10.47	8.72	8.22	< 6	N/M	3,189	1,154,735
2020	11.21	10.60	7.51	5.58	7	N/M	5,437	1,291,419
2021	-0.14	-0.69	-1.54	-1.39	6	0.6	6,952	1,425,481
2022	-9.92	-10.42	-13.01	-11.22	6	0.5	5,511	1,149,360
2023	9.85	9.25	5.53	7.15	6	0.5	6,240	1,219,910

Benchmark1: Bloomberg US Aggregate Bond

Benchmark2: Bloomberg Global Aggregate Index USD Hedged

N/M: For years where there are less than six portfolios throughout the performance period, Internal Dispersion is not meaningful.

Composite Description: Portfolios included in the Opportunistic Fixed Income Broad Composite seek to outperform the core fixed income market by making timely investments, primarily in non-core areas of the market. While Opportunistic Fixed Income is a non-benchmark oriented approach, the Bloomberg US Aggregate Bond Index and the Bloomberg Global Aggregate Bond Index Hedged to USD can be used as reference benchmarks. This broad composite includes portfolios with varying guidelines including those managed consistent with 40 Act and 81.102 issuer and derivative exposure requirements. In times of increased market volatility, the composite characteristics may change significantly due to various risk factors. Key risks of this composite, in no particular order, include, but are not limited to, Asset/Mortgage-Backed Securities Risk, Bank Loan Risk, Commingled Fund Risk, Concentration Risk, Credit Derivatives Risk, Credit Risk, Currency Risk, Derivatives Risk, Emerging Markets Risk, Fixed Income Securities Risk, Interest Rate Risk, Leverage Risk, and Non-Investment Grade Risk.

Composite Inception Date: The composite inception date is 29 February 2000.

Composite Creation Date: The composite creation date is August 2019.

Composite Membership: All fully discretionary, fee paying portfolios are eligible for inclusion in the composite.

Fee Schedule: The institutional separate account fee schedule for this product is:

Market Value	Annual Fee
On all assets	0.55%

Benchmark Definition: Bloomberg Global Aggregate Index USD Hedged is a market-weighted index of global government, government-related agencies, corporate and securitized fixed-income investments hedged to USD.

Bloomberg US Aggregate Bond measures the performance of the U.S. investment grade bond market.

Derivatives/Leverage/Shorts: Derivatives are used for risk management purposes and in pursuit of the Portfolios' objective. Derivatives may be used to achieve exposure to any theme or tactical opportunity, and within underlying investment strategies. For example, the Portfolios may use long and short positions in derivatives to adjust the Portfolios' exposure to various markets and factors around the world to desired levels, after incorporating the exposures generated by the other investments in the Portfolios. In addition, multiple investment strategies within the Portfolios may use derivatives for purposes of alpha generation. The instruments used for these purposes include, but are not limited to: bond and index futures and swaps, options, options on futures, forward contracts, structured notes, and other derivatives related to countries, industries, broad market indexes, or similar groups of securities. Derivatives used may be related to equities, equity indexes, fixed-income instruments, fixed-income indexes, commodities, commodity indexes, currencies, and other asset classes.

The investment approaches held within the Portfolios may change periodically, and each of these approaches employs its own approach to investing in derivatives, and is governed by its own derivatives guidelines. The guidelines for the Portfolios are deliberately broad, in order to allow the component investment approaches the latitude to determine their own derivatives usage. The Portfolios' gross investment exposure, defined as the market exposure associated with the sum of all long positions plus the market exposure associated with the absolute value of the sum of all short positions, may exceed 100% of the market value of the Portfolios.

The Portfolios' use of derivatives to date should not be considered indicative of its future use of derivatives. For example, the use of derivatives may be significantly greater in the future, may change rapidly, and the derivatives used may be more or less complex and more or less liquid than the derivatives used to date.

Firm: For purposes of GIPS® compliance, the Firm is defined as all portfolios managed by Wellington Management Company LLP, an independently owned, SEC-registered investment adviser, as well as its affiliates (collectively, Wellington Management). Wellington Management provides investment advisory services to institutions around the world.

GIPS®: Wellington Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Wellington Management has been independently verified for the periods 1 January 1993 to 31 December 2022. The verification reports are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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Performance Calculation: Gross performance results are net of trading expenses. Returns are gross of withholding taxes on dividends, interest and capital gains and include reinvestment of any earnings. Returns, market values, and assets are reported in USD except when otherwise noted. Returns, market values and assets reported in currencies other than USD are calculated by converting the USD monthly return and assets using the appropriate exchange rate (official 4:00 p.m. London closing spot rates). Policies for valuing investments, calculating performance, and preparing GIPS composite reports are available upon request.

Net of fees performance reflects the deduction of the highest tier investment management fee ("model fee") that would be charged based on the fee schedule appropriate to you for this mandate, without the benefit of breakpoints and is calculated by subtracting 1/12th of the model fee from monthly gross composite returns. In certain instances Wellington Management may charge certain clients a fee in excess of the standard model fee, such as to legacy clients or clients receiving additional investment services. Performance net of model fees is intended to provide the most appropriate example of the impact management fees would have for you.

Pool investors will experience costs in excess of investment management fees, such as operating expenses and custodial fees. These indirect costs are not reflected in the model fee, or net of fees performance.

Internal Dispersion: The dispersion measure presented is the asset-weighted standard deviation. The asset-weighted standard deviation measures the dispersion of individual portfolio gross returns relative to the asset-weighted composite return. Only portfolios that have been included in the composite for the full period are included in the standard deviation calculation. Limitations imposed by client guidelines or by law on a portfolio's ability to invest in certain securities or instruments, such as IPO securities, and/or implementation of the firm's Trade Allocation Policies and Procedures, may cause the portfolio's performance to differ from that of the composite.

External Dispersion: The dispersion measure presented is the three-year annualized ex-post standard deviation. It measures the variability of the composite gross returns and the benchmark(s) over the preceding 36-month period. For periods prior to 1 January 2011, the Firm was not required to present the three-year annualized ex-post standard deviation.

3-Year Standard Deviation (%)										
Year	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*
Composite	3.71	3.87	3.63	3.15	2.75	2.59	7.96	8.07	9.96	8.19
Benchmark1	2.63	2.88	2.98	2.78	2.84	2.87	3.36	3.35	5.77	7.14
Benchmark2	2.29	2.66	2.73	2.63	2.37	2.40	2.86	3.12	4.74	5.60

Composite Listing: Wellington Management's list of composite descriptions is available upon request.

Pooled Fund Listing: Wellington Management's list of pooled fund descriptions is available upon request.

Other Matters: This material contains summary information regarding the investment approach described herein and is not a complete description of the investment objectives, policies, guidelines, or portfolio management and research that supports this investment approach. Any decision to engage Wellington Management should be based upon a review of the terms of the investment management agreement and the specific investment objectives, policies, and guidelines that apply under the terms of such agreement.

Past Performance: Past performance does not predict future returns. An investment can lose value.

INVESTMENT RISKS: OPPORTUNISTIC FIXED INCOME

PRINCIPAL RISKS

Asset/Mortgage-Backed Securities Risk – 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.

Bank Loan Risk – Bank loans involve risks, including the risk of nonpayment of principal and interest by the borrower. In the event of a default, bank loans contain the risk that any loan collateral may be impaired and that the investor may obtain less than the full value for the collateral sold. An investment in bank loans may also be in the form of an assignment or a participation of all or a portion of a loan from a third party. A participation may involve counterparty exposure to the original bank.

Commingled Fund Risk – Investments in funds or other pooled vehicles generally will indirectly incur a portion of that fund's operating expenses and/or fees and willinherit a proportion of the fund's investment risks. Funds may have different liquidity profiles based on their dealing terms, and the types of instruments in the fund. In the event a fund holds illiquid instruments, it is possible that a full redemption from the fund could result in taking custody of illiquid instruments that could not be sold in the market.

Credit Derivatives Risk – Credit derivatives transfer price, spread and/or default risks from one party to another and are subject to additional risks including liquidity, loss of value, and counterparty risk. Payments under credit derivatives are generally triggered by credit events such as bankruptcy, default, restructuring, failure to pay, or acceleration. The market for credit derivatives may be illiquid, and there are considerable risks that it may be difficult to either buy or sell the instruments as needed or at reasonable prices. The value and risks of a credit derivative instrument depends largely the underlying credit asset. These risks may include price, spread, default, and counterparty.

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

Currency Risk – Active investments in currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Active currency risk may be taken in an absolute, or a benchmark relative basis. Currency markets can be volatile, and may fluctuate over short periods of time.

Derivatives Risk – 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. Examples include futures, options and swaps.

Emerging Markets Risk – Investments in emerging and frontier countries may present risks such as 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 are likely greater relative to developed markets.

Fixed Income Securities Risk – Fixed income security market values 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, and the creditworthiness of the issuer.

Interest Rate Risk – Generally, the value of fixed income securities will change inversely with changes in interest rates, all else equal. The risk that changes in active interest rates will adversely affect fixed income investments will be greater for longer-term fixed income securities than for shorter-term fixed income securities.

Leverage Risk – Use of leverage increases portfolio exposure and may result in a higher degree of risk, including (i) greater volatility, (ii) greater losses from investments than would otherwise have been the case had leverage not been used to make the investments, (iii) margin calls that may force premature liquidations of investment positions.

Non-Investment Grade Risk – Lower rated securities have a greater risk of default in payments of interest and/or principal than the risk of default for investment grade securities. The secondary market for lower rated securities is typically less liquid than the market for investment grade securities, frequently with more volatile prices and larger spreads between bid and asked price in trading.

ADDITIONAL RISKS

Commodities Risk – Commodities markets may be more volatile than investments in traditional equity or fixed income securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, commodity price volatility, interest rate changes or events affecting a particular commodity or industry. Instruments used to invest in commodities include forward contracts, futures contracts, options, and swap agreements.

Common Stock Risk – Common stock are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues as well as the profitability and viability of the individual company. Equity security prices may decline as a result of adverse changes in these factors, and there is no assurance that a portfolio manager will be able to predict these changes. Some equity markets are more volatile than others and may present higher risks of loss. Common stock represents an equity or ownership interest in an issuer.

Complex Investments Risk – Some investments may constitute the combination of two or more different financial instruments to obtain an intended exposure. While these instruments are designed to have complementary and/or offsetting exposure, they create additional risk of loss (or increased losses) where they do not perform as expected. Complex investments are often comprised of one or more derivatives, and will inherent the risks of the underlying derivatives, including but not limited to counterparty, liquidity, and volatility risk.

Contingent Convertible Securities Risk – Contingent capital securities (CoCos) are fixed income securities that, under certain circumstances, either convert into common stock of the issuer or undergo a principal write-down by a predetermined percentage if the issuer's capital ratio falls below a predetermined trigger level. Due to contingent write-down, write-off, and conversion features of contingent capital and contingent convertible securities, such high-yielding instruments may have substantially greater risk than other forms of securities in times of credit stress. This action could result in a partial or complete loss even if the issuer remains in existence. In full principal write-downs of CoCos, for instance, bondholders could theoretically lose the value of their investment completely, even though the common equity of the bank retains (and perhaps eventually recovers) some value.

Convertible Securities Risk – Convertible securities are hybrid securities that comb ine the investment characteristics of bonds and common stocks, and may be exchanged or converted into a predetermined number of the issuer's underlying shares, the shares of another company, or shares that are indexed to an unmanaged market index at the option of the holder during a specified time period. Although to a lesser extent than with fixed income securities generally, the market value of convertible securities tends to decline as interest rates rise. Because of the conversion feature, the market value of convertible securities also tends to vary with fluctuations in the market value of the underlying shares and thus is subject to equity market risk as well.

Liquidity Risk – Investments with low liquidity may experience market value volatility because they are thinly traded (such as small cap and private equity or private placement bonds). Since there is no guarantee that these securities could be sold at fair value, sales may occur at a discount. In the event of a full liquidation, these securities may need to be held after liquidation date.

Model Risk – Model risk occurs when systematic and/or quantitative investment models used in investment decision making fail. These models may evolve over time and have risks related to mistakes in software or data inputs that could go undetected for a period of time before rectified. Models may fail to adequately measure or predict market risks or outcomes and could result in a loss of value or opportunity cost.

Options Risk – An option on a security (or index) is a derivative contract that gives the holder of the option, in return for the payment of a "premium," the right, but not the obligation, to buy from (in the case of a call option) or sell to (in the case of a put option) the writer of the option the security underlying the option (or the cash value of the index) at a specified exercise price prior to the expiration date of the option. Purchasing an option involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses the premium paid. However, the seller of an option takes on the potentially greater risk of the actual price movement in the underlying instrument, which could result in a potentially unlimited loss rather than only the loss of the premium payment received. Over-the-counter options also involve counterparty risk.

Preferred Stock Risk – Preferred stock represents an equity or ownership interest in an issuer. If an issuer is liquidated or declares bankruptcy, the claims of owners of bonds take precedence over the claims of those who own preferred stock. Preferred stock is subject to many of the risks to which common stock and debt securities are subject, and may be subject to more volatility because they may trade with less frequency and in more limited volume. Additional risks include interest rate sensitivity, deferred distribution payments, involuntary redemptions, and limited voting rights.

Repo & Reverse Repo Risk – Both repurchase and reverse repurchase transactions involve counterparty risk. A reverse repurchase transaction also involves the risk that the market value of the securities the investor is obligated to repurchase may decline below the repurchase price.

Short Sale Risk – A short sale exposes the investor to the risk of an increase in market price of the particular security or instrument sold short, which could result in a loss. In addition, it is possible that an investor who engaged in a short sale is unable to cover the short at the current market price, resulting in a larger loss.

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