FIRST QUARTER 2024 | PORTFOLIO COMMENTARY

FREEDOM ALTERNATIVE®

ABSOLUTE RETURN

STRATEGY OVERVIEW

The Absolute Return strategy provides diversified exposure to alternative investments, such as hedged equity, event-driven/arbitrage, global macro, and opportunistic credit. The portfolio is structured to generate steady risk-adjusted returns over a full market cycle with reduced levels of correlation to traditional asset classes.

This strategy has historically exhibited similar risk and return characteristics to a bond portfolio, but with a low correlation to fixed income markets. We believe our diversified approach in allocating to alternative investments in the Absolute Return strategy can help investors more effectively weather financial market volatility.

RECENT CHANGES

In December 2023, we exited our position in BNY Mellon Global Real Return. The fund had a long-track record of generating positive performance and providing resiliency during market declines. Over the past two years, we have been disappointed with the fund’s performance as the portfolio managers have been less effective in managing market volatility. We redeployed the proceeds into funds where we have a higher conviction, including JP Morgan Hedged Equity, Neuberger Berman Long/Short, and BlackRock Strategic Income. Also, we removed Metropolitan West Unconstrained Bond from the strategy and replaced it with FPA New Income. The Metropolitan West strategy has experienced significant manager turnover as several long-time portfolio managers have departed/retired and new portfolio managers were added to the strategy recently. With the uncertainty associated with the new team, we decided to exit the position. Also, we have a high conviction FPA New Income will continue to generate consistent absolute returns, as the fund weathered the bond market volatility of recent years well.

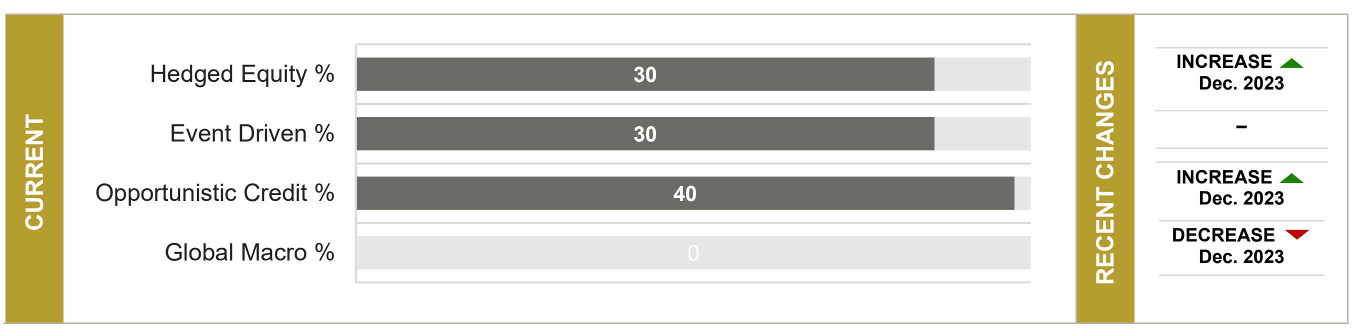
In March, we rebalanced the portfolio to ensure allocations remain consistent with our intended long-term targets.

CURRENT POSITIONING

Opportunistic Credit is the largest allocation in the strategy, representing 40% of the total portfolio as of the end of 1Q24. We continue to prefer fixed income managers with flexible mandates who can take advantage of opportunities in the current volatile environment. ***Event Driven*** is the second largest allocation in the strategy at 30% of the total portfolio; these fund managers typically invest in companies involved in corporate events, such as mergers and acquisitions, and seek to capture the spread between market and deal prices, which tends to be uncorrelated to the direction of broader financial markets. ***Hedged Equity*** represents 30% of the strategy’s allocation, which increased from 20% in 4Q23, and includes funds that have the flexibility to take long and short positions in stocks and funds that use option overlay strategies to provide structured downside protection at the potential cost of limited upside participation. As highlighted above, we eliminated our allocation to ***Global Macro*** with the sale of the BNY Mellon Global Real Return fund***.*** Typically, managers that operate in the Global Macro segment have an unconstrained mandate with the ability to invest in equities, fixed income, commodities, precious metals, and currencies, in seeking to generate attractive risk-adjusted returns over the long term. We will continue to evaluate available options in this sector and may reenter the asset class in the future.

ALLOCATION BREAKDOWN

Below is a breakdown of the allocation as of quarter-end:



PERFORMANCE REVIEW

The Absolute Return strategy fulfilled its mandate during 1Q24 by producing a positive return. Gains were broad-based as each of the three segments were up during the quarter.

The following either contributed to or detracted from the relative performance of the strategy:

CONTRIBUTORS		DETRACTORS	
	• The ***Hedged Equity*** group drove a majority of the strategy's gains in the quarter and benefitted significantly from the broad-based equity rally in the first quarter. Boston Partners Long/Short Research was the top gainer. The fund maintains overweights to both the Financials and Industrials sectors, both of which outperformed the broader market this past quarter. JP Morgan Hedged Equity also generated a strong return. The fund tracks the S&P 500, with a hedging overlay that protects against losses in periods of downturn coupled with an upside cap. The S&P 500 led the U.S. markets higher during 1Q24 and reached an all-time high during the quarter.		• The ***Opportunistic Credit*** allocation recorded a positive gain this quarter despite rising interest and falling bond prices. Osterweis Strategic Income was the top-performer. The fund is invested in high yield bonds, and the U.S. economy has remained resilient, which has buoyed performance of riskier bonds. • The ***Event Driven/Arbitrage*** segment was up slightly this quarter, although the return was the lowest of the three segments in the strategy. It is not surprising to see this group lag during periods of strong market returns given the lower risk and uncorrelated nature of these strategies. Also, increasing regulatory risk, especially for large M&A transactions, has damped the performance of the sector. The two funds we hold in this segment had very similar returns in the quarter.

REAL ASSETS

STRATEGY OVERVIEW

Real Assets provides diversified exposure to real estate, global infrastructure, and natural resources. These asset classes have historically provided a combination of inflation protection and income generation over the long term and have provided long-term diversification potential to an investor's overall portfolio.

RECENT CHANGES

Within the Natural Resources segment of the portfolio, we removed T. Rowe Price New Era and added S&P North America Natural Resources ETF to the strategy in 4Q23. The change was driven by our lower confidence in the T. Rowe Price fund as the performance track record of the portfolio manager, who took over the fund in 2021, has been mixed. We decided to utilize a passive index fund in its place, which tracks a combination of energy, metals & mining, and agriculture companies headquartered across North America.

In March, we rebalanced the portfolio to ensure allocations remain consistent with our intended long-term targets.

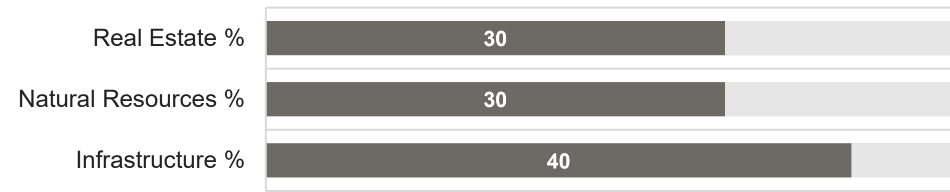
CURRENT POSITIONING

Infrastructure is the largest allocation within the strategy at 40%. This is based on our high conviction in the infrastructure funds we hold, especially Lazard Global Listed Infrastructure, and our belief that quality infrastructure equities offer a better risk/return profile in the current environment compared to real estate and natural resources. The remaining allocation is evenly split across real estate and natural resources, which each comprise 30% of the strategy.

ALLOCATION BREAKDOWN

Below is a breakdown of our allocation as of quarter-end:

CURRENT



RECENT CHANGES

PERFORMANCE REVIEW

The Real Assets strategy generated a positive return this past quarter, and each of the three segments within the strategy posted positive returns in 1Q24.

The following either contributed to or detracted from the relative performance of the strategy:

CONTRIBUTORS

- In the **Global Real Estate** allocation, the Third Avenue Real Estate Value Fund generated a positive return in a challenging environment as Real Estate was the only sector in the S&P 500 that experienced a decline during 1Q24. Higher interest rates were the culprit for the sectors' struggles. The funds' allocation to residential construction, building products, and international real estate operator were all key drivers of the outperformance.

- The ***Infrastructure*** allocation also was a positive contributor in the quarter. Lazard Listed Global Infrastructure was the top performer in the segment and benefited from its allocation to the railroad sector.

DETRACTORS

- ***The Natural Resources*** allocation segment was up modestly during the quarter. The performance of the funds we hold in the strategy was mixed. The SDPR S&P North American Natural Resources fund was the top performing fund in the strategy and results were aided by the sharp rise in oil prices during the quarter. Conversely, the GMO Resources Fund declined in the quarter as exposure to renewable energy was a drag on performance. This segment of the energy industry is more sensitive to interest rates, which were up in the quarter, and oversupply conditions in the solar industry also weighed on results.

- In the **U.S. Real Estate** allocation, Cohen & Steers Real Estate Securities experienced a modest negative return for the quarter as higher interest rates negatively impacted the sector.

ABOUT FREEDOM ALTERNATIVE®

Freedom Alternative® provides investors access to a range of historically uncorrelated and non-traditional asset classes and investment strategies designed to enhance the risk-return profile of an investor's overall portfolio through increased diversification.