



## RISK-BASED (TRADITIONAL) – STANDARD Investment Objective Overview, Confirmation and Description

Choosing an investment objective begins with an understanding of your risk tolerance and capacity to bear risk to achieve desired returns. The risk-based investment objective framework is based on Northern Trust recommended investment portfolios, where portfolios represent degrees of return and risk that span the efficient frontier.

Northern Trust asset allocation and investment objective recommendations are part of a disciplined process that begins with developing forward-looking, historically aware capital market forecasts for asset classes. These return forecasts are used in portfolio optimization along with risk parameters to determine the efficient set of portfolios. Capital market forecasts and strategic investment objective recommendations are updated annually. Northern Trust investment recommendations are designed with a focus on managing risk through diversification with appropriate allocations between Risk Assets and Risk Control Assets, and to meet client financial goals aligned with client willingness and ability to take risk over time.

Wealth Management clients have a choice between two different approaches: (1) goals-based (asset-liability) and (2) risk-based (asset-only). Goals-based investors dynamically move along the efficient frontier according to their individual assets, goals and risk preferences over their lifetime. Risk-based investors select a constant (but annually refreshed) asset allocation from the efficient frontier based on their return and risk preference. You have chosen a risk-based investment objective.

Risk is inevitable with any investment objective. Risk is the degree of potential deviation between expected and actual returns.

Risk tolerance and investment horizon are important factors in helping a client achieve their Long-Term investment goals, but as each client Account is unique in purpose, other considerations may include but are not limited to: liquidity requirements; general economic conditions; and taxes.

For purposes of this document, capitalized terms are defined as follows:

- “Account”, “Entity” or “Portfolio”, refers to one or more investment accounts, when Northern Trust has sole or shared investment authority, whether or not open at the time of signing of this document, but associated with a given client or legal entity pursuant to a Northern Trust account agreement or other governing document over which a given client has signing or investment authority. Thus, the investment objective may be attributable to a given entity or account, or aggregated across multiple accounts, depending on client circumstances.
- “Alternative Investments” are broadly defined as non-traditional and sometimes complex investment strategies and include hedge funds and private investments. Alternative Investments have different features and risks from other investment products, as described in the offering documents for the fund. The risks may include, but are not limited to: a lack of transparency; being highly illiquid; restrictions on the transfer of interests; complex tax structures and delays in tax reporting; less regulation and higher fees; and potential “hold back” of a certain percentage of redemption proceeds for a significant period of time.
- “Cash” refers to money market funds or similar investments having maturities of one year or less.
- “Global Equities” refers to publicly traded stocks, including large-, mid- and small-capitalization companies based in the U.S. and internationally in developed and emerging market countries.
- “High-Yield Bonds” refers to debt instruments that are rated below investment grade by the major credit rating agencies.
- “Investment-Grade Bonds” refers to debt instruments that are rated at least investment grade by the major credit rating agencies.
- “Long-Term” refers to a time horizon of not less than five years.
- “Northern Trust” refers to The Northern Trust Company, its legal entities, affiliates and business units.
- “Real Assets” refers to natural resources and real estate.
- “Risk Assets” may have a significant degree of Volatility and are broadly defined as global equities, high yield fixed income, real estate and infrastructure, natural resources, and Alternative Investments.
- “Risk Control Assets” generally have less Volatility and are broadly defined as cash and high quality taxable and tax-exempt fixed income securities, and inflation protected bonds.
- “Volatility” means changes, which may be substantial, in the market value of an Account or individual assets held within an Account.

## RISK-BASED (TRADITIONAL) - STANDARD

The description of each Northern Trust investment objective includes expected risk and return characteristics for each objective as well as the recommended asset classes and asset allocation ranges. The asset classes and asset allocation ranges identified for each objective are guidelines. Asset allocation within an Account may differ from the ranges outlined within this document depending on Account facts and circumstances, strategic or tactical implementation, client direction and market conditions. Actual asset allocation may be impacted by additions or withdrawals as well as market fluctuations. Therefore, a reasonable amount of time will be required to rebalance an Account's asset allocation consistent with its investment objective. Asset allocation may be implemented on either a strategic or tactical basis. Strategic implementation uses Northern Trust's Investment Policy Committee capital market assumptions that are based on a five year forecast and updated annually. Strategic asset allocation ranges for each asset class are included in this document. Tactical implementation is derived from the strategic allocation and reflects Northern Trust's near term outlook for the financial markets that are updated monthly. Tactical implementation may result in Accounts that have greater portfolio turnover, be less tax efficient and have an allocation outside of the stated strategic asset allocation ranges.

An Account's risk tolerance and investment horizon will directly impact potential returns. The investment objectives defined herein range from Maximum Risk/Return, which corresponds to investors able to tolerate a high degree of risk for higher potential returns but also able to tolerate a greater chance of potential losses and market value fluctuations to Stable, which corresponds to investors in need of the lowest levels of risk in exchange for a lower relative potential returns. The primary difference between the various investment objectives is the allocation between Risk Assets and Risk Control Assets. The following investment objective descriptions, asset classes, and asset allocation ranges represent Northern Trust's current strategic asset allocation recommendations as of the date below, and such asset classes and ranges may change.

**RISK-BASED (TRADITIONAL) - STANDARD****Investment Objective Descriptions**


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**Maximum Risk/Return (Maximum Growth)** is focused on Long-Term capital appreciation. This investment objective will invest entirely or almost entirely in Risk Assets that will often be associated with substantial Volatility. Although the intent is to achieve total returns in excess of the rate of inflation over the Long-Term, this objective may not be achieved. This investment objective is appropriate for aggressive investors with a Long-Term investment horizon who can also tolerate negative returns, which may be substantial, during periods of market turmoil in exchange for higher potential returns over the Long-Term, may not be appropriate for some dual beneficiary/split interest trusts, and is rarely appropriate for investors with a short-term investment horizon.

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**Moderately High Risk/Return (Growth with Moderate Income)** is focused on Long-Term capital appreciation with secondary consideration given to generating and/or growing income. An Account with this investment objective will invest primarily in Risk Assets with potential for growth in value over the Long-Term, and will also typically contain some Risk Control Assets which may produce income. Above-average Volatility may occur. Although the intent is to increase an Account's asset value and income in excess of inflation over the Long-Term, this objective may not be achieved. This investment objective is generally appropriate for aggressive investors with a Long-Term investment horizon who can also tolerate negative returns, which may be substantial, during periods of market turmoil in exchange for higher potential returns over the Long-Term, and is rarely appropriate for investors with a short-term investment horizon.

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**Moderate Risk/Return (Growth with Income)** is focused on Long-Term capital appreciation and current income. This investment objective will contain a blend of Risk Assets and Risk Control Assets that are expected to grow in value over the Long-Term and also to produce income. Moderate Volatility is expected. The total return of this objective may be insufficient to preserve an Account's purchasing power during periods of inflation. This investment objective is generally appropriate for investors with a Long-Term investment horizon who can also tolerate negative returns during periods of market turmoil in exchange for higher potential returns over the Long-Term, and is rarely appropriate for investors with a short-term investment horizon.

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**Moderately Low Risk/Return (Income with Moderate Growth)** is focused on providing current income with secondary consideration given to Long-Term capital appreciation. This investment objective will invest primarily in income producing Risk Control Assets, and will also contain Risk Assets with the potential for both income growth and capital appreciation over the Long-Term. Even though emphasis will be given to income, Volatility will occur. The total return of this objective may be insufficient to preserve an Account's purchasing power during periods of inflation. This investment objective is generally appropriate for investors with a Long-Term investment horizon who can also tolerate negative returns during periods of market turmoil in exchange for higher potential returns over the Long-Term, and is rarely appropriate for investors with a short-term investment horizon.

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**Low Risk/Return (Income)** is focused on providing current income with a potential, but secondary and minor consideration, for Long-Term capital appreciation. This investment objective will invest primarily in Risk Control Assets and may also contain some Risk Assets with the potential for both income growth and capital appreciation over the Long-Term. Even though emphasis will be given to income, Volatility will occur. The total return of this objective may be insufficient to preserve an Account's purchasing power. This investment objective is generally appropriate for conservative investors with a Long-Term investment horizon who have a primary need for current income. This investment objective may not be appropriate for dual beneficiary/split interest trusts, and is rarely appropriate for investors with a short-term investment horizon.

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**Minimum Risk/Return (Risk Control)** is focused on offering an expected return and risk profile with low correlations to the Maximum Risk/Return investment objective and may include allocations to Cash, investment grade bonds, municipal bonds and inflation-protected bonds. The Minimum Risk/Return investment objective is similar to the minimum variance portfolio lying along the efficient frontier and should not be considered free of risk, as fluctuations in an Account's market value may occur. The total return of this objective may be insufficient to preserve an Account's purchasing power. This investment objective is generally appropriate for conservative investors with a Long-Term investment horizon who also needs some current income. This investment objective may not be appropriate for dual beneficiary/split interest trusts.









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**Stable** is focused on minimizing principal fluctuation with no consideration for Long-Term capital appreciation. Income is secondary dependent upon the returns available from Cash and/or equivalent investments. Since the intent of this objective is generally to avoid the fluctuation of principal, money market securities are the primary investment vehicles used. The total return of this objective is likely to be insufficient to preserve an Account's purchasing power. This investment objective is rarely appropriate for dual beneficiary/split interest trusts, and may be appropriate for conservative investors with a short-term investment horizon who also want minimal change in principal value.

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**Special Situations** is generally limited to Accounts holding: non-marketable assets; real estate; closely held business assets; LP or LLC interests; primarily holding private equity, hedge funds or endowment type investment funds; estates where the majority of the assets will be distributed in-kind pursuant to the governing document or applicable law.

**RISK-BASED (TRADITIONAL) - STANDARD****STANDARD INVESTMENT OBJECTIVES**

	Maximum		Moderately High		Moderate		Moderately Low		Low		Minimum		Stable	
														
Risk Assets	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %
Global Equities	78	68 - 100	62	52 - 79	46	36 - 61	29	19 - 40	9	0 - 20	0	0 - 0	0	0 - 0
Real Assets	12	0 - 17	10	0 - 15	8	0 - 13	4	0 - 9	2	0 - 7	0	0 - 0	0	0 - 0
High-Yield Bonds	10	0 - 20	8	0 - 18	6	0 - 16	4	0 - 14	1	0 - 11	0	0 - 0	0	0 - 0
Risk Control Assets	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %	Target %	Range %
Investment-Grade Bonds	0	0 - 20	19	8 - 37	38	25 - 56	60	45 - 74	84	67 - 100	95	0 - 100	0	0 - 0
Cash	0	0 - 10	1	0 - 10	2	0 - 10	3	0 - 10	4	0 - 15	5	0 - 100	100	0 - 100

**Expected Long-Term Sample Portfolio Characteristics  
(Northern Trust Proprietary Expectations)**

	Maximum	Moderately High	Moderate	Moderately Low	Low	Minimum	Stable
Expected Return (Before Tax)	5.9%	5.4%	4.8%	4.1%	3.1%	2.6%	1.2%
Expected Risk (Standard Deviation)	14.9%	12.0%	9.0%	6.0%	3.4%	3.2%	0.4%
Return-to-Risk Ratio	0.40	0.46	0.54	0.68	0.89	0.81	3.00
Expected Real Return	3.9%	3.4%	2.8%	2.1%	1.1%	0.6%	-0.8%

**SAMPLE COMPARATIVE BENCHMARKS****Global Equities**

- MSCI All Country World Index
- MSCI United States Index
- MSCI World Ex-US Index
- MSCI Emerging Markets Index

**Real Assets**

- S&P Global Natural Resources
- MSCI ACWI IMI Core Real Estate
- S&P Global Infrastructure

**Fixed Income**

- Bloomberg U.S. Aggregate Bond Index
- Bloomberg Global High Yield Index
- Bloomberg U.S. TIPS (1-10 Year) Index
- Bloomberg Municipal Bond 1-10 Year Blend Index

**Cash**

- 3-Month US Treasury Bill

The above percentages represent the strategic asset allocation determined as of the date below by Northern Trust's Investment Policy Committee. Over time, the client acknowledges that, at the discretion of Northern Trust, such percentages may change based on factors deemed relevant by the Investment Policy Committee.

"Expected Return" is defined as the compound annualized return investors are predicted to earn. It is the geometric average of expected periodic returns. "Expected Risk" is defined as a measure of the dispersion of periodic returns around the expected mean return (standard deviation). "Return-to-Risk Ratio" is defined as expected mean return divided by "Expected Risk". "Expected Real Return" is defined as the compound annualized return investors are predicted to earn net of predicted inflation. It is the geometric average of expected returns net of expected inflation.

This description provides a general overview for the management of an Account. Northern Trust may instead follow written client directions that differ from the investment objective and asset allocation described above. In those cases, the risks, projected returns and Volatility of an Account may differ substantially from those presented as part of Northern Trust's suggested approach and the information provided with this document. Investment in securities always involves an element of risk, including a possible loss of principal. Past investment performance is not an indicator of future investment performance. Assumptions outlined above regarding expected rates of return, inflation rates, exchange rates and risk indicators are hypothetical, and are not a guarantee of the future performance of any investment product, asset class or portfolio. Northern Trust makes no warranty, express or implied, as to the future performance or benefits of an Account managed in accordance with the above described investment objective. No tax advice has been rendered, in either verbal or written communication, in connection with selecting or implementing the described investment objective.

From an approved list of products, our investment advisors select those that we believe meet a client's, or trust's, investment objectives. In general, Northern Trust utilizes its own investment products because they align with Northern Trust's forward-looking views, its familiarity with the investment and operational processes, as well as a shared risk and compliance philosophy. It is expected that the proportion of Northern Trust investment products held in client and trust Accounts may be high (in fact, up to 100 percent) subject to client-specific considerations or restrictions and applicable law. Northern Trust will receive more overall compensation when Northern Trust managed products are used. Please contact your Northern Trust Investment Advisor for more complete information regarding possible investment options by asset class.

# RISK-BASED (TRADITIONAL) - STANDARD

## SPECIAL INSTRUCTIONS:

A client may request reasonable investment restrictions with respect to an Account, which will be noted below as a special instruction or by other written notification to Northern Trust. Northern Trust reserves the right to review, and either accept or reject, the special instructions.

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I acknowledge that I have received, reviewed and understand the Investment Objective Overview, Confirmation and Description form and have selected the Moderate Risk / Return investment objective for the Account over which I have investment authority. I understand that certain investment products may pose greater risks and in some instances, increased Volatility and/or lack of liquidity. Investment performance of any kind is not guaranteed and past performance does not necessarily predict future performance with respect to any particular Account or Entity.

I understand that all investments involve risk, and that the market value of the assets held in the Account is subject to a variety of risk factors including loss of value, and is not guaranteed by Northern Trust, its affiliates, subsidiaries or any other bank.

CONFIRMED BY: (SIGN BELOW )	
Signature	DocuSigned by: <i>Katherine Cecala</i> 5E3DA1877676491...
Printed Name	Katherine Cecala
Date	Jul-14-2022

Entity Title/Name: Junior Achievement of Arizona Inc
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**Please sign and date this page and return the completed form to your Northern Trust Investment Advisor.**  
**This document should be considered along with the Northern Trust Wealth Management Conflicts of Interest and Important Client Disclosures provided to all clients receiving investment management and advisory services or available on the Northern Trust website or through your Northern Trust Investment Advisor.**