



BERNSTEIN

2025 Outlook for Fiduciaries

Foundation and Institutional Advisor

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Who We Are

Global firm with boutique culture

Aligned with Our Clients

- Singular focus
- A united firm with one objective: create the best outcomes for our clients
- No proprietary trading
- We are not a bank
- We do not leverage our balance sheet
- Act as agent rather than principal in fixed income

History

55+ 

Years helping clients reach their financial goals

Offices

54 cities



27 countries

Assets Under Management

\$806

Billion 

Revenue

100%

From investment research and management



Research Analysts



524

Private Wealth AUM

\$136

Billion 

What We Know

- The fiduciary standard is the only standard a client should accept.
- A successful client-advisor relationship must transcend investment results.
- Rigorous planning based on priorities fuels investment execution.
- Outsourcing all investments lacks accountability and creates suboptimal outcomes.
- Fee transparency should be the standard, not the exception.
- Our innovation and evolution are vital to client outcomes.

As of September 30, 2024. The number of research analysts and employees directly supporting responsible investing initiatives relates to all analysts and employees working at AllianceBernstein L.P. affiliated subsidiary companies. Please note, Bernstein Research does not provide investment management services to Bernstein Private Wealth Management clients.

Source: AB

Bernstein—Foundation and Institutional Advisory

Our holistic approach addresses the multi-faceted challenges and opportunities faced by social sector and philanthropic leaders.

Portfolio Management

Policy and Governance

Operational Support

Donor Engagement and Development Strategies

Sample Clients



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Questions We're Hearing from Clients



What does the election mean for the economy and markets?

Is the stock market overvalued?

Does global equity diversification still make sense?

Is now the right time to get invested/stay invested?

How much more will the Fed cut in 2025?

What risk does the deficit impose?

Where are the opportunities?



Will our 501c3 be revoked by H.R. 9495?

Should we adjust our cash position?

Will our federal funding be cut?

Which causes will be most affected by the election results?

How to recruit and retain talent amid potential cuts?

Should the DNA of our board shift?

How do we fill the gaps and move forward from here?



Our 2025 Economic & Markets Perspective: What's Old Is New Again

The Equity Bull Continues to Run

We've experienced a strong start to the current bull market, up 70% since the bottom in October 2022. We think the run continues given solid macro and micro growth. Valuation and policy are risks, however.

Economy Solid Now, Policy Impact Unclear

With the labor market sound, consumers continue to spend modestly leading to solid, if unspectacular, growth. President Trump's economic policies present the potential for a better...or worse outcome.

Asset Allocation Should Reflect All Possible Outcomes

At uncertain times, investors must acknowledge their limited ability to forecast accurately. Given this, a diversified, multi-asset class approach is most prudent.

As of December 31, 2024. **Current analysis and forecasts do not guarantee future results.**
Source: Bernstein analysis

Where We've Been and Where We're Going

- **Global Growth:** Growth is likely to slow modestly, but greater divergence may occur between the US and the globe.
- **Monetary Policy:** Easing has begun, and policymakers are likely to continue to proceed gradually.
- **Bond Yields:** Cyclical factors indicate rates are likely to move lower, but low constituency for fiscal restraint may provide pressure in the other direction.
- **Inflation:** Inflation has been easing; However, we are assuming tariffs halt the improvement and send prices higher. It remains to be seen whether the increase is one time or the start of a trend.

	Pre-Pandemic	Post-Pandemic	
	Five Years Ago (2019)	2024**	Forecast 2025
US GDP*	2.3%	2.4%	1.6%
Global GDP*	2.8%	2.6%	2.4%
Policy Rate	1.50%–1.75%	4.25%–4.50%	3.50%–3.75%
10Y Treasury Rate	1.92%	4.58%	3.75%
US Inflation	1.5%	3.1%	3.3%
S&P 500	3,231	5,882	6,400
S&P 500 Earnings	\$164	\$239	\$264
S&P 500 P/E**	18x	22x	22x

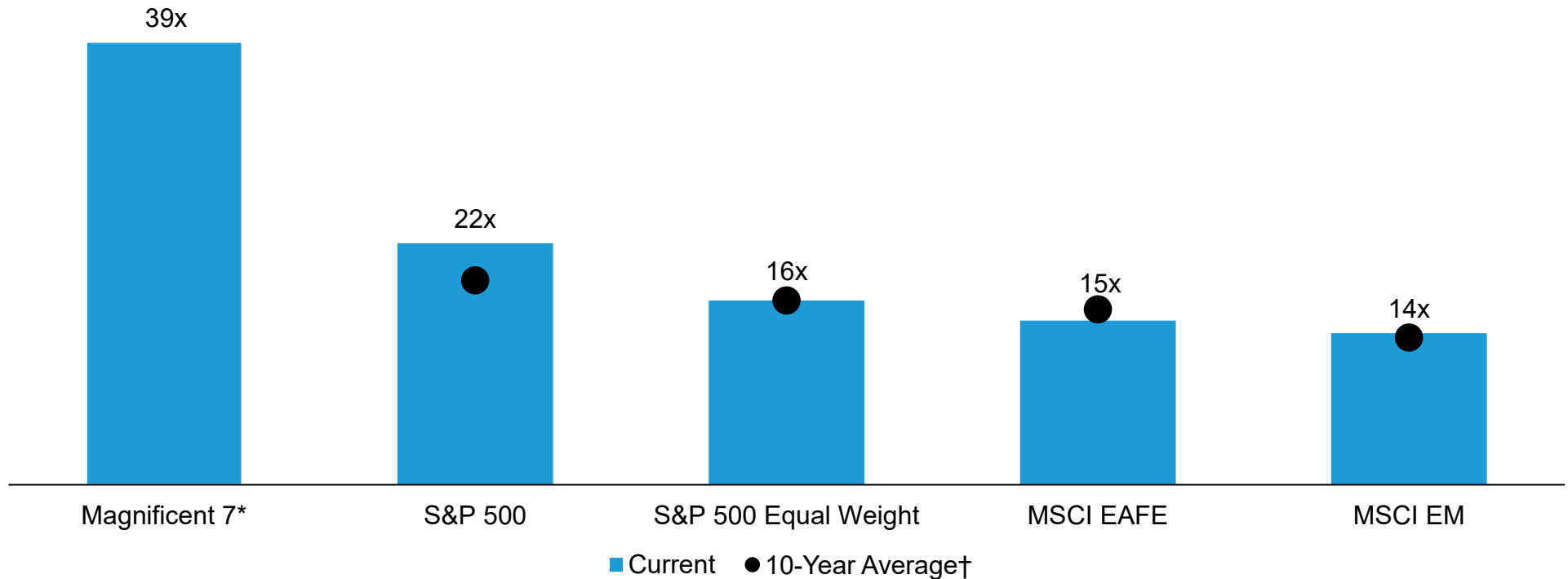
As of December 31, 2024. **Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.**

*US GDP forecasts presented as 4Q/4Q; global is YoY. **Forward P/E for the next 12 months as of year-end. **Actuals as of December 31, 2024 except for US GDP, Global GDP, and US Inflation which remain forecasts.

Source: Bloomberg, Bureau of Economic Analysis, Congressional Budget Office, Federal Reserve, FRED, S&P, and Bernstein analysis

Beyond Leaders, Valuations More Reasonable

12-Month Forward Price/Earnings Ratio



As of December 31, 2024. **Past performance does not guarantee future results.** Simulated or hypothetical performance results have certain inherent limitations. No representation is being made that any account will, or is likely to, achieve returns or a volatility profile similar to those being shown.

*Magnificent 7 is the average price/NTM earnings of the following: NVIDIA, Tesla, Apple, Meta, Alphabet, Microsoft, and Amazon.

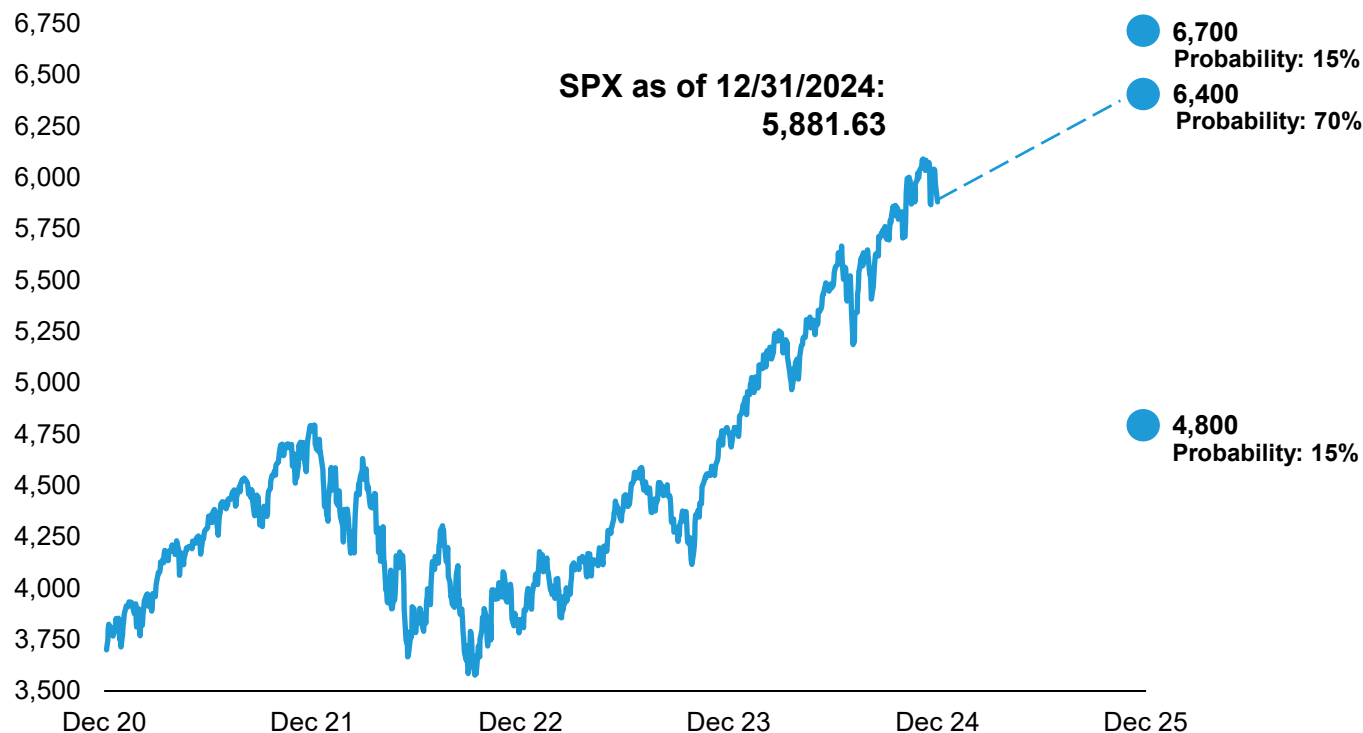
†Average of month-end 12-month forward price/earnings ratios.

Source: BlackRock, Bloomberg, FactSet, MSCI, S&P, and Bernstein analysis

Our 2025 S&P 500 Base, Bull, and Bear Case Assumptions

Forecasting earnings growth while holding our nose on valuations

Scenario Analysis: S&P 500, YE 2025—not incl. dividends



Bull: Would necessitate no economic slowdown, earnings growth of ~13% through 2026, corporate tax cuts, and only targeted tariffs. Inflation falls toward target, Fed cuts through 2025. P/E ~21x

Base: Assumes no or only very modest economic slowdown, ~9% earnings growth, some but not all of Trump's pro-growth policies. Inflation deceleration moderates. Fed pauses in 2025. P/E ~22x

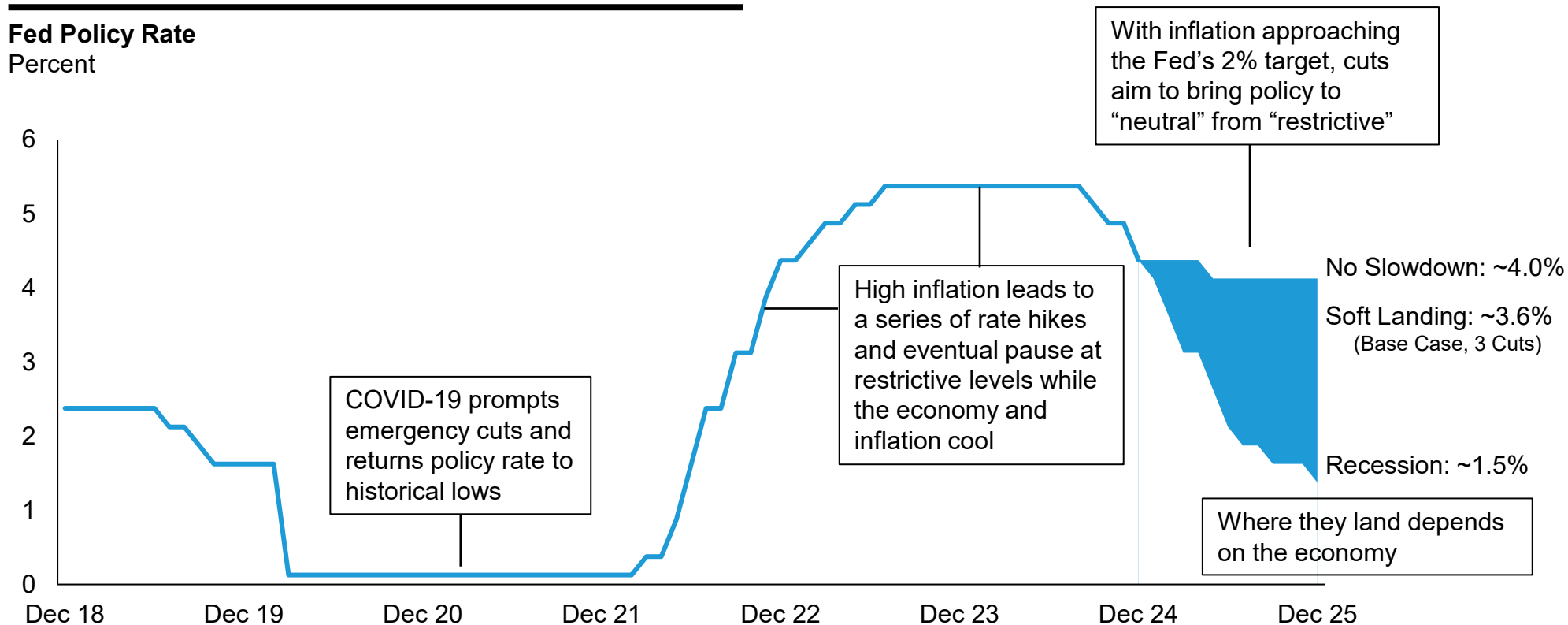
Bear: Would necessitate inflation reacceleration with market fear of Fed overtightening or an exogenous shock. <5% EPS growth through 2026 P/E ~18x

As of December 31, 2024. Past performance and historical analysis do not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.

Source: Bloomberg, S&P, and Bernstein analysis

The Fed: Where to from Here?

Our base case assumes fed funds approaches 3.625% by year-end 2025



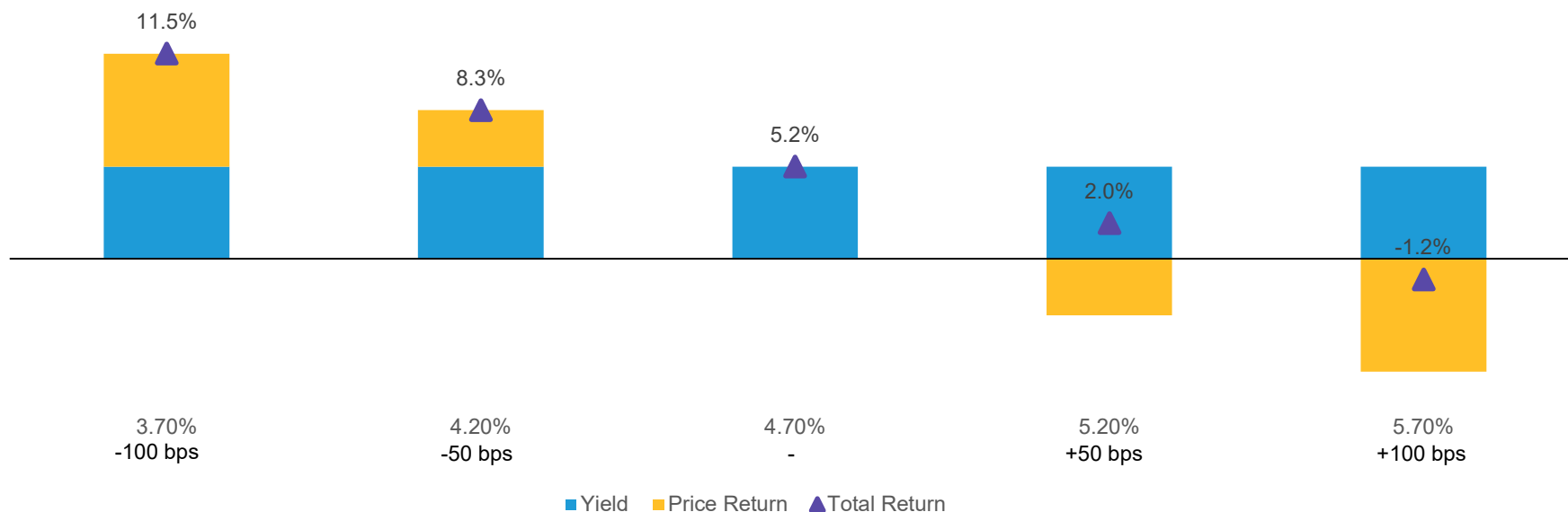
As of December 31, 2024. **Current analysis and forecasts do not guarantee future results.**
Source: Bloomberg, US Federal Reserve, and Bernstein analysis

Asymmetry of Returns Continues to Be Attractive

Bond math favors fixed income investors

Yield Provides Cushion to Offset Future Price Volatility

Intermediate Duration Taxable Fixed Income hypothetical outcomes based on 10-year UST movement



As of January 7, 2024. **Current analysis does not guarantee future results.** Analysis provided for illustrative purposes only and is subject to revision. Hypothetical analysis based on total return components. Return estimate of an Intermediate Duration taxable portfolio, which has a duration of 6.32 years and Yield to Worst of 5.15%. Simulated or hypothetical performance results have certain inherent limitations. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown. There is no guarantee any investment objective will be achieved. Characteristics are subject to change. Numbers may not sum due to rounding.
Source: Bloomberg, Morningstar and AB

ESG Investing Under Fire

Global investors retreating from sustainability focused investments, citing:

Recent Performance

- Clean energy sector lagging fossil fuels

Scandals

- “Greenwashing” cases erode investor confidence
- Investigations and lawsuits prompting distancing and “green hushing”

Political Opposition

- Withdrawal of US from Paris Climate Agreement
- Broad rollback of DEI initiatives
- Big banks leaving Net-Zero Banking Alliance
- Plans for deregulation will lower transparency requirements

[Does ESG Stand a Chance in the Trump Era?](#) InternationalBanker.com; [What Lies Ahead?](#) IMD.com

DEI Programs Under Fire

In The Headlines...

Layoffs Loom as Trump orders DEI workers on Leave

[Washington Post](#)

Meta ends diversity programs, joining McDonald's, Walmart and other major companies to back off DEI

[CBS](#)

Anti-DEI Activists Target Goldman Sachs and JPMorgan Chase

[WSJ](#)

But Also In The Headlines...

Apple Urges Shareholders to Reject Anti-DEI Policy

[Forbes](#)

Foundations Stay the Course on DEI Grantmaking

[Chronicle of Philanthropy](#)

Why Costco Isn't Joining the Backlash against DEI

[WSJ](#)

Examples: Potential Social Sector Implications of Policy Change

HR 9495: Stop Terror-Financing and Tax Penalties on American Hostages Act	Targets those with alleged ties to nefarious and/or business-like practices Tax-exempt status to be reviewed/revoked
Tax Cut and Jobs Act (TCJA) full extension	Corporations keep lower tax rates (good times = community support?) Standard deduction remains higher (disincentive to charitable giving?) Child tax credit remains
Proposed DAF Regulation Changes	Introduce distribution requirements (increase in near term funds to nonprofit beneficiaries) Change definition of what constitutes a DAF and increase in oversight of DAF sponsor orgs (long term effects uncertain)
Department of Government Efficiency (DOGE)	Focus on reduction of government costs (likely cuts in federal funding for many organizations TBD)
Tax cuts vs tariffs?	Higher costs of imported goods could offset benefits of lower taxes to corporations and consumers
The Inflation Reduction Act	Risk of losing green energy tax credits
Sweeping Rollback of DEI	Loss of support for organizations focused on diversity, equity, & inclusion +

Relevant Resources



Navigating Post-Election Uncertainty: Strategies for Nonprofit Financial Resilience



Click for Webinar



Nov 13, 2024

Trade, Tariffs, and Taxes: The Economic Impact of the US Election

How might a second Trump presidency shape the US economy? Our Chief US Economist Eric Winograd shares insights on trade, fiscal policy, and potential market reactions.

Click to Read Blog

As of January 31, 2025

Stabilizing Your Organization Now for Future Success

Immediate Action Items



Reserves Analysis



Define the Gaps and Opportunities



Control the Controllables



Game Plan

Should We Adjust Our Cash Position?

Risk Factor

Revenue Risk

More Uncertainty or Potential for Disruption = More Reserves



Spending Risk

Fixed Commitments or Potential for Spike = More Reserves



Timing Differences

Variability, Seasonality, or Timing Mismatch = More Reserves



Borrowing Risk

Access to Margin or Loan from Affiliate Org. or Donor = Less Reserves



- Less Reserves Required
- Some Reserves Required
- More Reserves Required

Hypothetical client profiles presented. Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized. Source: Bernstein analysis

[Click here for reserves questionnaire](#)



Foundation & Institutional Advisory

Cash Reserves Analysis Questionnaire

Sizing Short-Term Reserves

Current Reserve Policy Questions:

- How much does the organization currently have reserved to cover operating expenses in the event of an unanticipated shortfall in revenues?
- What is the maximum percentage you've needed to withdraw from short-term reserves historically?
- What are your projected annual revenues?
- What are your projected annual expenses?

Revenue Sourcing Table:

- In the table below, please break out your typical (or projected) annual revenues by source/category and how certain you are to receive them.

Source	Revenue as % of Total	Probability Will be Received
Annual Fund Donations		
Major Gifts		
Foundation Grants		
Government Contracts		
Fees for Services		
Ticket Sales, Tuition, etc.		
Endowment/Portfolio Distributions		
Other		
Total		

Cash Reserves Analysis Questionnaire

1

Is Our Money Safe? SIPC Insurance

Bank Deposits—FDIC Insurance	Investments—SIPC Insurance
<ul style="list-style-type: none">• “Federal Deposit Insurance Corporation”	<ul style="list-style-type: none">• “Security Investor Protection Corporation”
<ul style="list-style-type: none">• Protects depositors against loss if insured bank fails	<ul style="list-style-type: none">• Protects customers if insured brokerage firm fails
<ul style="list-style-type: none">• Standard FDIC coverage: \$250 thousand per depositor	<ul style="list-style-type: none">• Standard SIPC Coverage: \$500 thousand, \$250 thousand of which can be cash
	<ul style="list-style-type: none">• Firms can purchase excess SIPC coverage<ul style="list-style-type: none">• Bernstein’s excess SIPC insurance increases overall coverage to \$100 million per client, of which \$1.9 million can be cash• Certain money market funds (e.g., Bernstein’s Government Reserves) are considered investments for purposes of SIPC coverage

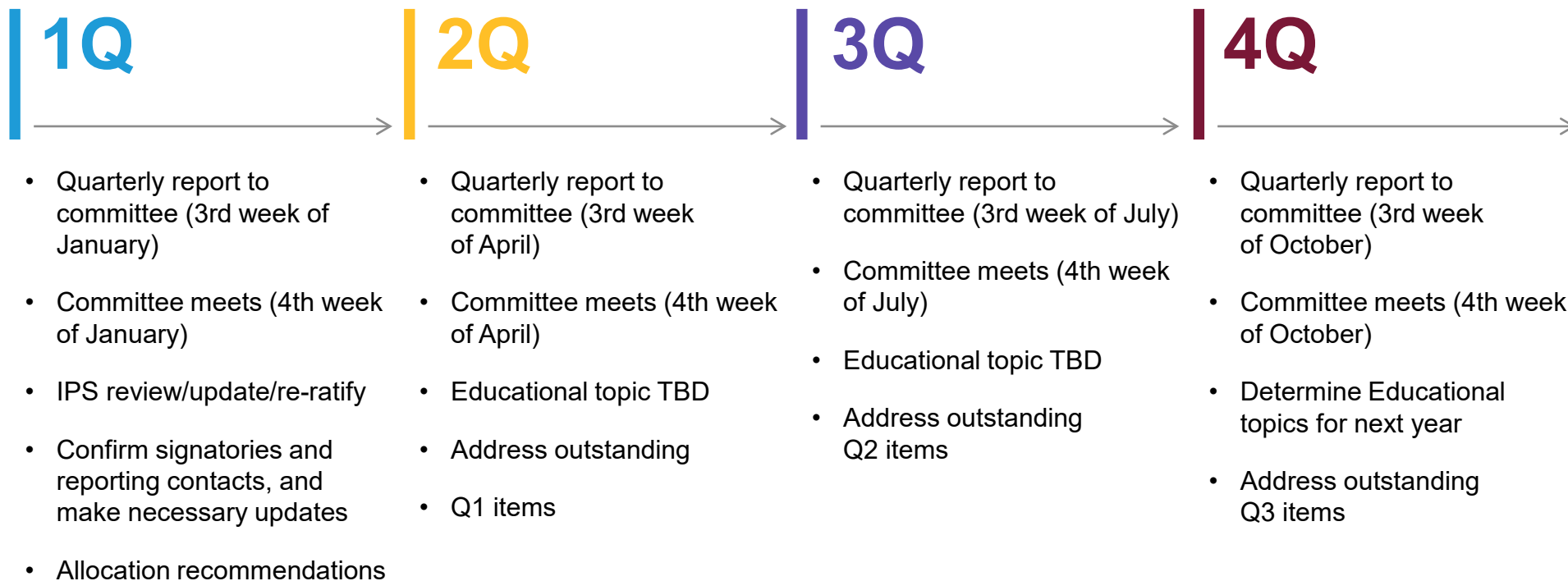
Action Items

- Right-size your cash and consider “adding duration” to funds exceeding short-term needs
- Optimize return on dollars funding short-term needs
- Check in on the terms of your credit relationship and your philanthropic relationship

For illustrative purposes only. SIPC and other insurance does not protect against investment loss.

Action Items for 2025

Proactive planning resources for fiduciaries



Timely Resources

- **Whitepaper:** [Balancing Structure & Flexibility](#)
- **Analytics:** [Cash Reserves Analysis Tool](#)
- **Replay:** [2024 4Q Macro and Markets Review for Fiduciaries](#)

It Starts With Leadership

Should the DNA of our board shift amid new challenges?



How can our investment policy meet the needs of rising costs?

What role does board governance plan in the success of our mission?

How can we diversify fundraising to further our mission?



Make use of Bernstein Resources

Board Skills Assessment Tools

BERNSTEIN

Building or Evaluating Your Board

- How Many Board Members?**
 - Consider at least 5 and up to 7 Board Members
- Who Should Be on the Board?**
 - Leaders of the Organization – CEO
 - Professional Partners – Audit/Tax
 - Key Strategic Advisors – leaders
- How Will they Support the Organization?**
 - Think about which prospective Board Members will be most helpful in Investment, in Grant Approval, HR
- What is their Personal Style and Background?**
 - Think about how each individual will contribute to the team
 - Also consider their age, background, board members with more seasoned backgrounds will enhance continuing thought along the way
- How Long Will They Serve For?**
 - A timebound ask is easier to accomplish

Board Matrix Worksheet
Board Needs Assessment & Recruitment Tool

	Board Member #1	Board Member #2
	Name	Name
SME / Industry		
Investments		
Similar Foundation/Grantmaking Leader		
Financial Leader (CFO, etc.)		
Attorney		
HR/Governance		
CPA/Audit		
Mission-related Expertise (e.g. Cardiovascular Research)		
Mission-related Expertise (e.g. Jewish Philanthropy)		
Personal Style		
Consensus Builder		
Strong Communicator		
Strategist		
Visionary		
Age		
18 – 34		
35 – 50		
51 – 65		
65-75		
75+		
Gender		
Male		
Female		
Other Demographics		

Board Workshops:

- Evaluating Key Nonprofit Financials
- Fiduciary Duty and Investment Committee Best Practices
- Sustaining your Organization through Planned Giving

Preparedness is Key

Increasingly Complex Future of Philanthropy

Giving was down by **2.1% in 2023**, inflation adjusted. It has not surpassed the all-time **high set in 2021**.

\$124 Trillion intergenerational wealth transfer is underway. \$18 Trillion expected to pass directly to charitable organizations.

68% of global UHNW families work with philanthropic advisors or have family offices to manage giving.

Majority of HNW/UHNW wealth is **non-cash assets**.

The Indiana University Lilly Family School of Philanthropy, Giving USA 2024: The Annual Report on Philanthropy for the Year 2023, June 2024; Giving USA Foundation, www.givingusa.org Cerulli, Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048, December 2024; Campden Wealth / RBC, The North America Family Office Report, 2024

Resources Are Available

Philanthropy's Meaningful Middle:
Good Practices for the Middle Tier-Donor

GENEVA GLOBAL | BERNSTEIN

[Click Here](#)

Breaking the Mold: How Donors of Color Are Shaping Philanthropy

Despite making up 14.4% of US millionaires, high-net-worth individuals of color have often been overlooked in studies of the philanthropic world. Has a recent survey of 20 high-net-worth donors by the Center of Color Network ("CCN") revealed a shift in the tide? What does this research reveal about these donors' relationship with charitable planning?

First-Generation Wealth Creation

When it comes to the origins of wealth, donors of color don't often fit the traditional mold. A staggering 61.3% of the high-net-worth donors of color reported that their wealth was self-made, compared to just 35% of wealthy Americans surveyed in a separate study. And while many successful families have an inheritance, roughly 80% of CCN participants reported that no portion of their wealth was passed down to them.

How might these dynamics influence giving patterns? CCN researchers noted the following challenges that disproportionately impact donors of color:

- **Using Their Surplus:** Many did not consider themselves wealthy or viewed

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Is Philanthropy the Missing Link in Your Estate Plan?

Family Office | Personal Philanthropy

Tax and Estate

[Click Here](#)

Recoverable Grants: The Gifts That Keep on Giving

Want to ramp up your giving? Consider deploying more today and recycling for future grantmaking with "recoverable grants."

[Click Here](#)

Now's the Time to Gift Private Business Interests

Business Owners | Personal Philanthropy

[Click Here](#)

Artful Giving: Donating Collectibles for Good

Personal Philanthropy | Tax and Estate | Hospitals and Foundations

In the coming decades, baby boomers and the silent generation are projected to pass on a staggering \$7.6 trillion in assets to their heirs.¹ This massive wealth transfer will include collections of art, jewelry, cars, coins, and other "tangible assets." But what if younger generations don't share the same enthusiasm for the older generation's tangible treasures?

Instead of hoarding heirlooms with the complexities of managing these assets, collectors might consider transforming them into meaningful philanthropic contributions. Our recent research *examined the financial outcomes* of such choices and found the approach highly beneficial. For many collectors, the emotional value attached to certain pieces makes it even more crucial to plan thoughtfully for the future and legacy of their collections.

When donors think about making charitable gifts, cash and marketable securities are usually the first things that come to mind. In fact, gifts of publicly traded securities have historically made up over 33% of annual contributions to donor-advised funds (DAFs).² Meanwhile, other types of tangible assets—like artwork or a rare coin collection—are often overlooked. While these assets can be more complex to donate, they can be particularly effective, especially if their value remains stable.

[Click Here](#)

Planned Giving—Outstanding ROI

Recent economic, demographic, and philanthropic trends point to continuing importance of planned giving to nonprofits

Worth the Investment

8% of Americans include a charitable bequest in their will or estate plan BUT **1/3** say would consider doing so if asked

\$124 trillion in wealth will transfer in US from elder generations to beneficiaries by 2048, including \$18 trillion to charity. “If we don’t ask, other nonprofits will...”

69% of donors change their wills but only **25%** change the gift beneficiaries in their wills

Worth the Wait

Average planned gift is **\$46,000+** - on average, 200–300 times the size of a donor’s largest annual fund gift

Average time from when gift is made to **maturity is 7–10 years**

Start early: The average age of donors when they first executed a will or living trust was **44**

Sources: Planned Giving Myths, Facts, Stats, Ruminations and More, PlannedGiving.com; GivingUSA’s Leaving a Legacy: A New Look at Planned Giving Donors; Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048. December 5, 2024; Are Your Donors Waiting To Be Asked About Their Legacies? The Council on Nonprofits; National Committee on Planned Giving; The Benefits of Planned Giving for Nonprofits and Donors, FreeWill; Legacy Giving and What You Need to Know, NMBL Strategies; Who Are Your Planned Giving Donor?, Sharpe Group

As Wealth Transfers, Look Beyond Cash

Sample strategies used by HNW donors, but not one size fits all

Donor Advised Funds

- Payout rate was 24% in 2023
- Contributions to DAFs dropped significantly, -21.7%. The most precipitous one-year drop on record. Drop follows recent/sharpest one-year increase (2020–2021).
- Contributions seem to be returning to historical growth patterns.

Next Step:

Add DAF access to website and other outreach materials

Crypto-philanthropy

- \$2 Billion in crypto has been donated to nonprofits since 2018.
- 56% of [Forbes Top 100 Charities](#) now accept cryptocurrency donations.
- Reach out to FIA@Bernstein.com for more information on our partnership with Giving Block.

Next Step:

Crypto is back in conversation but it's not for every donor nor grantee. Listen to our podcast episode with The Giving Block on [Demystifying Crypto Donations](#)

Passion Assets

- Families often pass down real estate, fine jewelry, automobiles, and other collectibles
- Becoming a strong additional revenue source for nonprofits

Next Step:

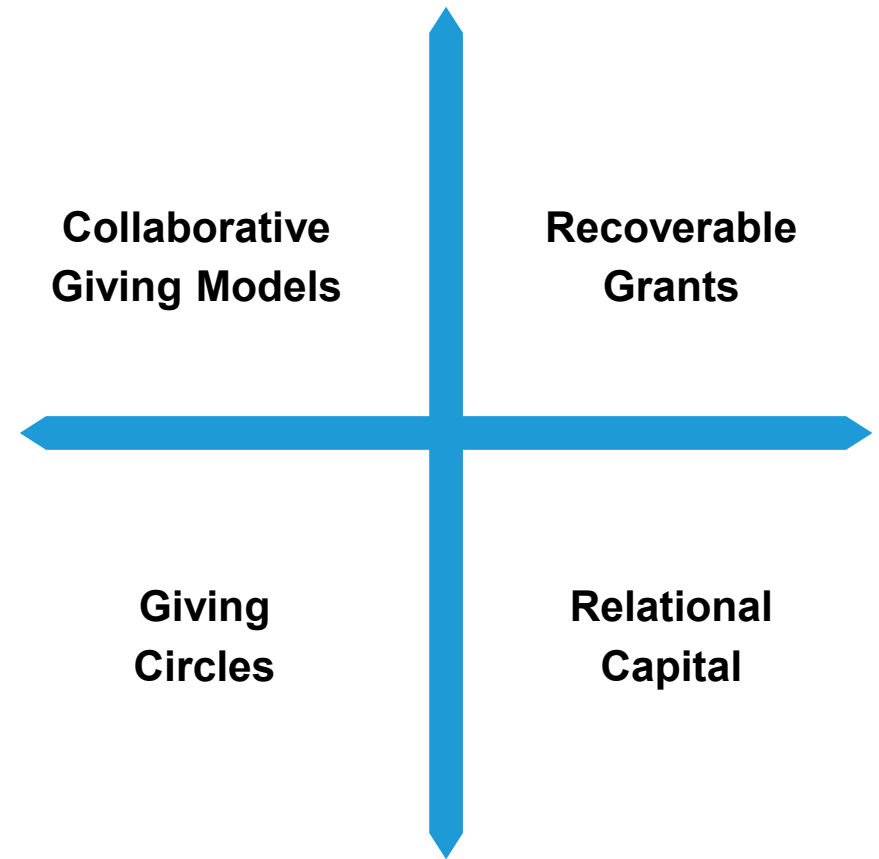
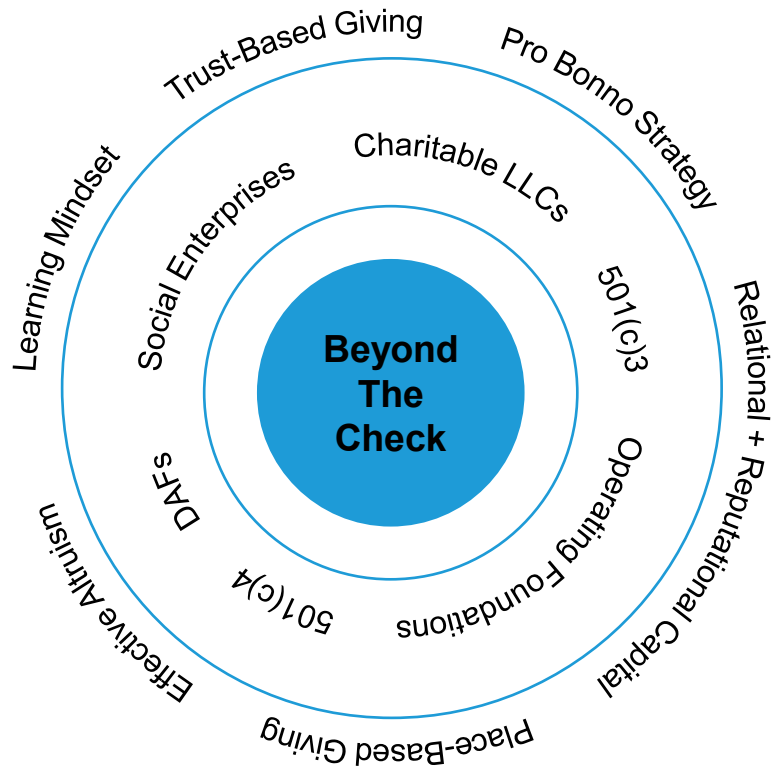
Develop relationships with the right partners, such as The Fine Art Group. Read our blog on [Artful Giving: Donating Collectibles for Good](#)

Religion Unplugged. "Crypto Is Coming: Are Nonprofits Ready For It?" Religion Unplugged, 22 March 2024, [Link](#); Forbes. "The Largest U.S. Charities For 2021." Forbes, 10 December 2024, [Link](#); The Giving Block. "2024 Annual Report on Crypto Philanthropy." The Giving Block, 2024, [Link](#); Bernstein. "Demystifying Crypto Donations." Inspired Investing, 2022, [Link](#); National Philanthropic Trust. "Donor-Advised Fund Report." National Philanthropic Trust, 2024, [Link](#). ; Bernstein. "Artful Giving: Donating Collectibles for Good." Bernstein Insights, 2024, [Link](#).

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Further Diversify Engagement Strategies

Development teams and boards are seeking education to open the door for new and beneficial giving models



Source: Meaningful Middle

Bernstein Resources

Philanthropy's Meaningful Middle:
Good Practices for the Middle Tier-Donor

REBEKAH AN HINGST

Wealth Beyond Measure
Explore what ultra-high-net-worth families told us during ours.

INSIGHTS FROM UHNW FAMILIES
We took a deep dive into the complex world of family wealth, and beyond. What we heard that changed our perceptions and how we recommend families use their wealth to bring value.

GENEVA GLOBAL | BERNSTEIN

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Balancing Structure and Flexibility
A guide for fiduciaries on long-horizon investment allocation

[Click Here](#)

Is Philanthropy the Missing Link in Your Estate Plan?

Family Office | Personal Philanthropy | Tax and Estate

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Breaking the Mold: How Donors of Color Are Shaping Philanthropy

Family Office | Personal Philanthropy | Tax and Estate

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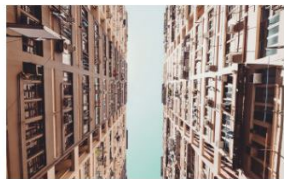
- Using Their Surplus: They did not consider themselves wealthy or retired.

[Click Here](#)

Mission-Driven but Financially Strained: Addressing Nonprofit Employee Wellness
Nonprofit workers champion community causes, but often neglect their own financial health. Uncover the financial challenges they face and explore solutions to secure their future.

Sep 27, 2024

[Click Here](#)



Recoverable Grants: The Gifts That Keep on Giving

Want to ramp up your giving? Consider deploying more today and recycling for future grantmaking with "recoverable grants."

[Click Here](#)



Demystifying Foundation Distributions

Is your foundation making the most of its required distributions?

[Click Here](#)



Why Nonprofits Need Financial Wellness Programs

Are workforce shortages holding your organization back? By enhancing your retirement plan to include a robust financial wellness program, nonprofits can compete for top talent without breaking the bank.

[Click Here](#)



How Much Should a Nonprofit Have in Reserves?

While interest rates remain high, they may have peaked—creating a dilemma for nonprofit fiduciaries. It could be time to rethink your organization's reserves.

[Click Here](#)

Now's the Time to Gift Private Business Interests

Business Owners | Personal Philanthropy

[Click Here](#)

Artful Giving: Donating Collectibles for Good

Personal Philanthropy | Tax and Estate | Nonprofits and Foundations

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[Click Here](#)

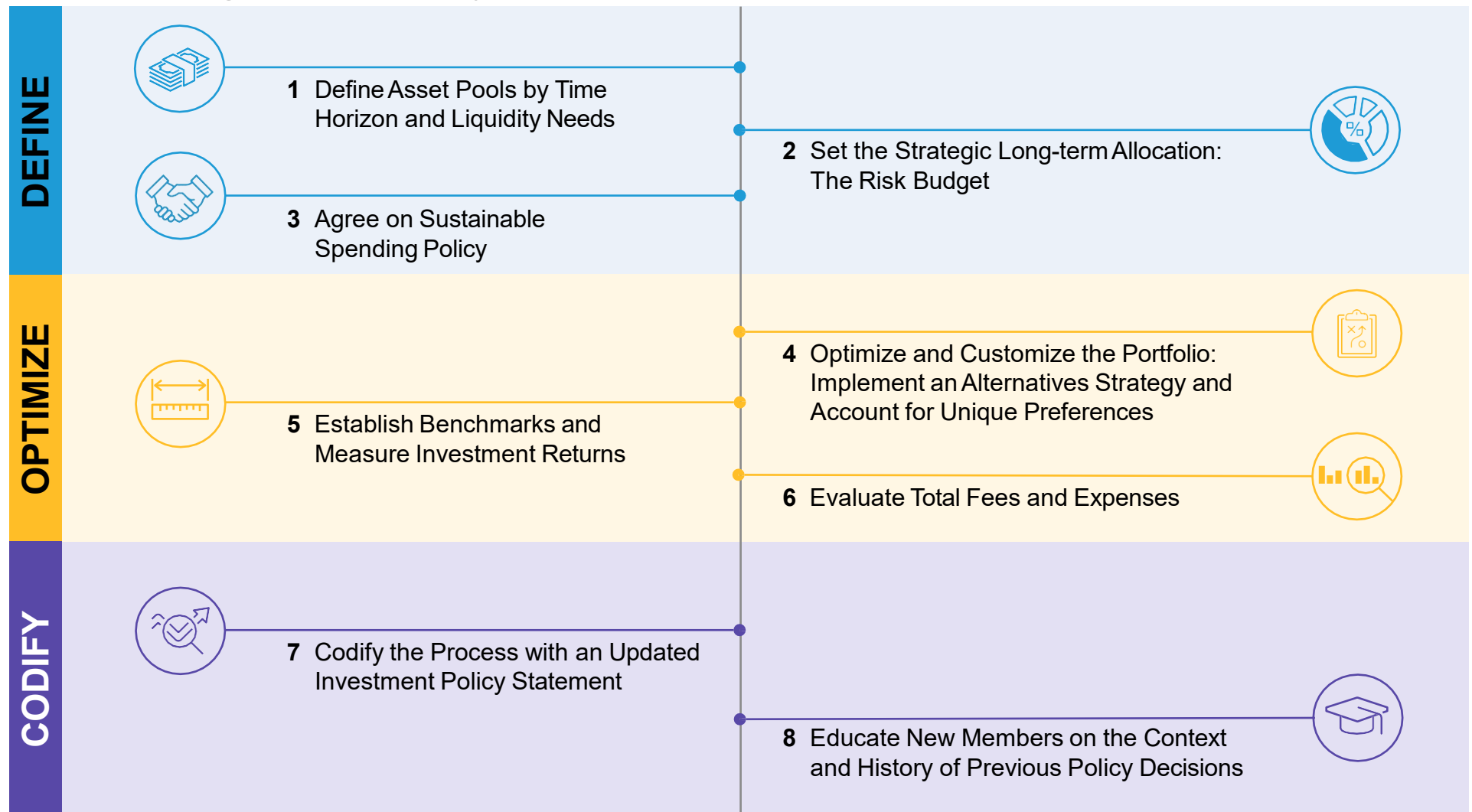


Thank You!

Appendix

Asset Allocation Approach

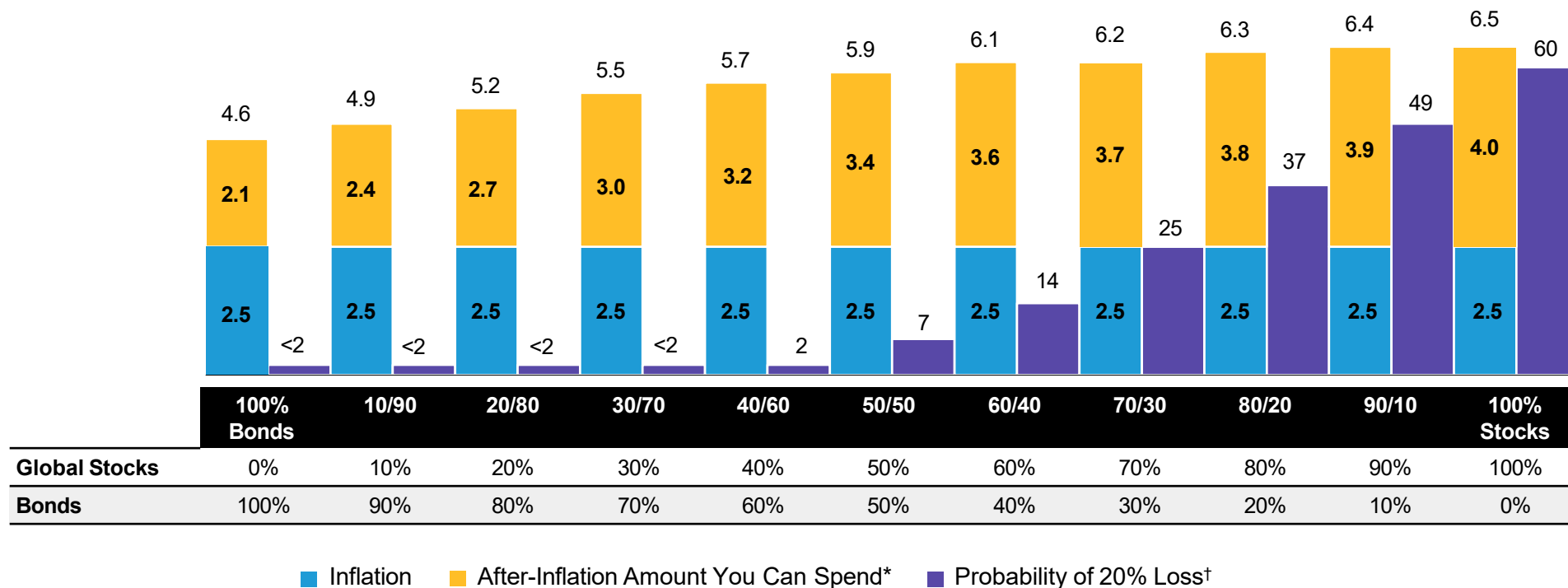
Path to Building a Solid Fiduciary Foundation



Source: AB

Projected Median Outcomes and Sustainable Spending Rates

Next 10 years (percent)



*Based on median projected 10-year compound annual growth rates for stock/bond portfolios and inflation. Globally diversified stocks are represented by the following allocation for a 100% Return-Seeking allocation: 17.8% US value, 17.8% US growth, 13.2% US diversified, 6.6% US small-mid cap, 19.0% developed foreign markets, 10.5% emerging markets, 10.6% US Low Vol Equity, 4.5% high-risk international. Equity geography weights may shift in proportion to total return-seeking allocation. Bonds are represented by the following allocation for a 100% Risk-Mitigating allocation: 50% diversified intermediate term taxable bonds and 50% global intermediate taxable bonds (hedged) in the proportions noted. Additional detail regarding allocation available upon request.

†Data indicates the probability of a peak-to-trough decline in pretax, pre-cash-flow cumulative returns of 20% over the next 10 years. Because the Wealth Forecasting System uses annual capital markets returns, the probability of peak-to-trough losses measured on a more frequent basis (such as daily or monthly), may be understated. The probabilities depicted above include an upward adjustment intended to account for the incidence of peak-to-trough losses that do not last an exact number of years.

Based on Bernstein's estimates of the range of returns for the applicable capital markets over the next 10 years as of June 30, 2024. Data do not represent past performance and are not a promise of actual future results. See Notes on Wealth Forecasting System in Appendix for further details.

Example Alternatives Analysis

Not a one size fits all decision

Example Alternatives Analysis: Projected outcomes based on asset allocation models (10-year period)

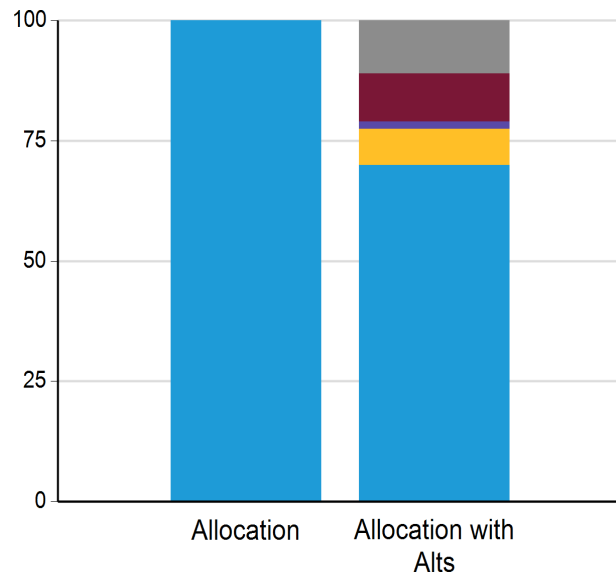
Projected Outcomes based on Asset Allocation Models (10-year period)

	Median Return	Long-Term Volatility	Prob. of 20% Loss	Tail Risk	Average Income	Weighted Avg. Lockup
Allocation	6.3%	12.0%	19.2%	-21%	2.9%	1 Day(s)
Allocation with Alts	7.3%	9.3%	11.2%	-21%	3.3%	1.0 Year(s)

Projected Liquidity

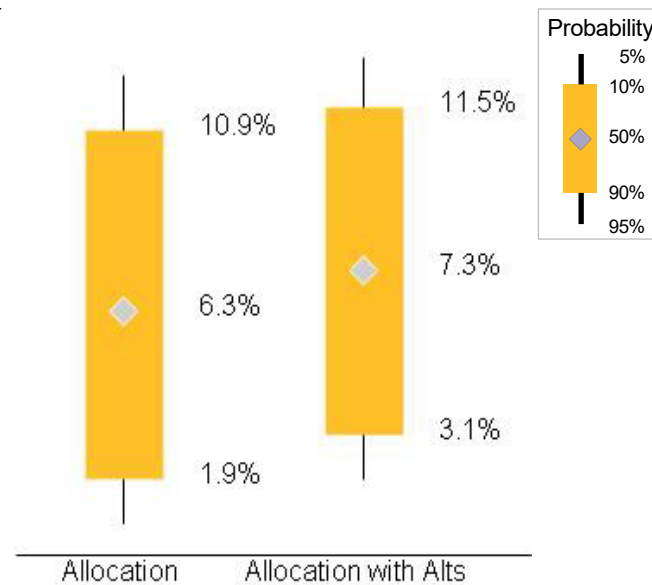
Minimum Lock-up Period

■ <= 1 Week
 ■ <= 1 Quarter
 ■ <= 2 Year
 ■ < 5 Year
 ■ >= 5 Year



Range of Projected Returns

10 Year Compounded Annualized Growth Rate



Trade-offs and Considerations

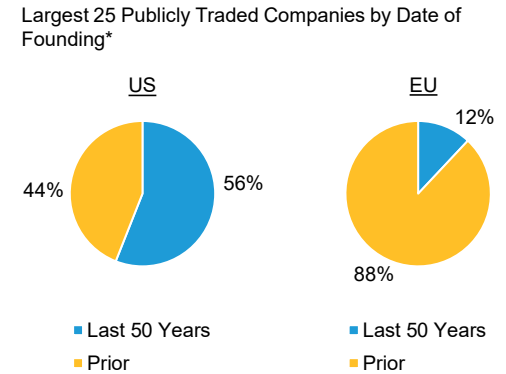
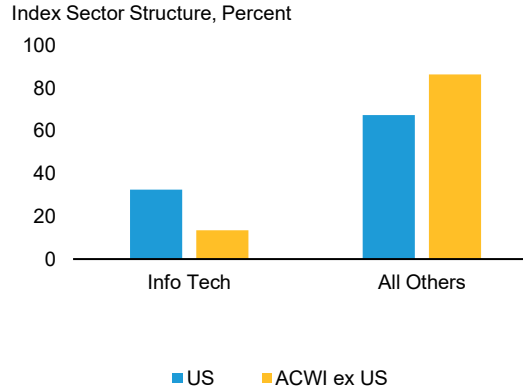
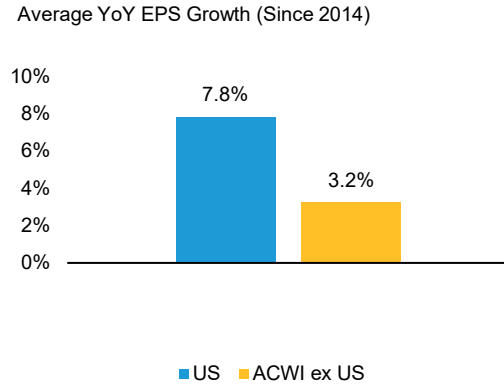
- Liquidity Shortfall
- Allocation Drift
- Timing of Reporting
- Cost and Tax Structure
- Perceived vs. True Risks

For illustrative purposes only. There can be no assurance that any investment objectives will be achieved. Simulated or hypothetical performance results have certain inherent limitations. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve returns or a volatility profile similar to those being shown. Prob. of 20% loss is the probability of peak-to-trough losses, which may include a multi-year period of difficult markets. Tail Risk is defined as the 99th percentile or worse outcome for an annual loss. See assumptions and notes on Alternatives Impact Analysis at the end of this report.

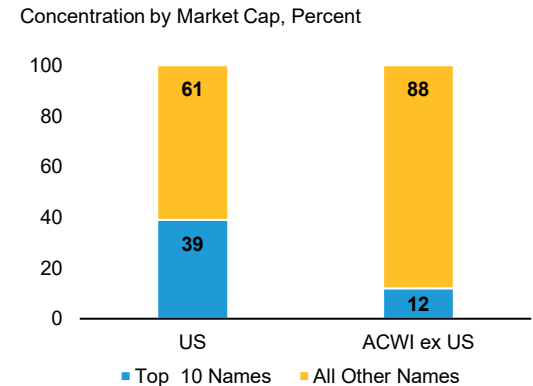
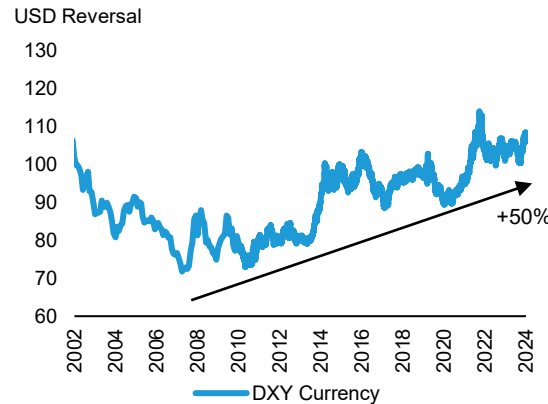
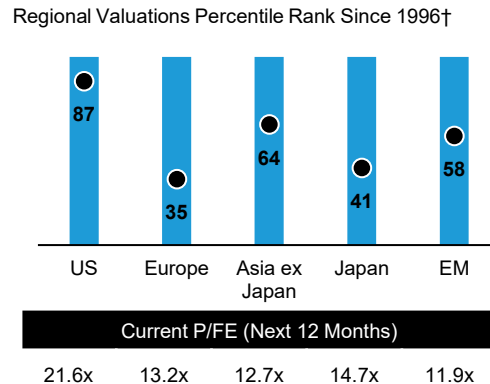
Will Leadership Ever Change?

US macro, micro, and market structure are the “why.” Things change, though.

Why the US Has Led



Why Leadership May Change



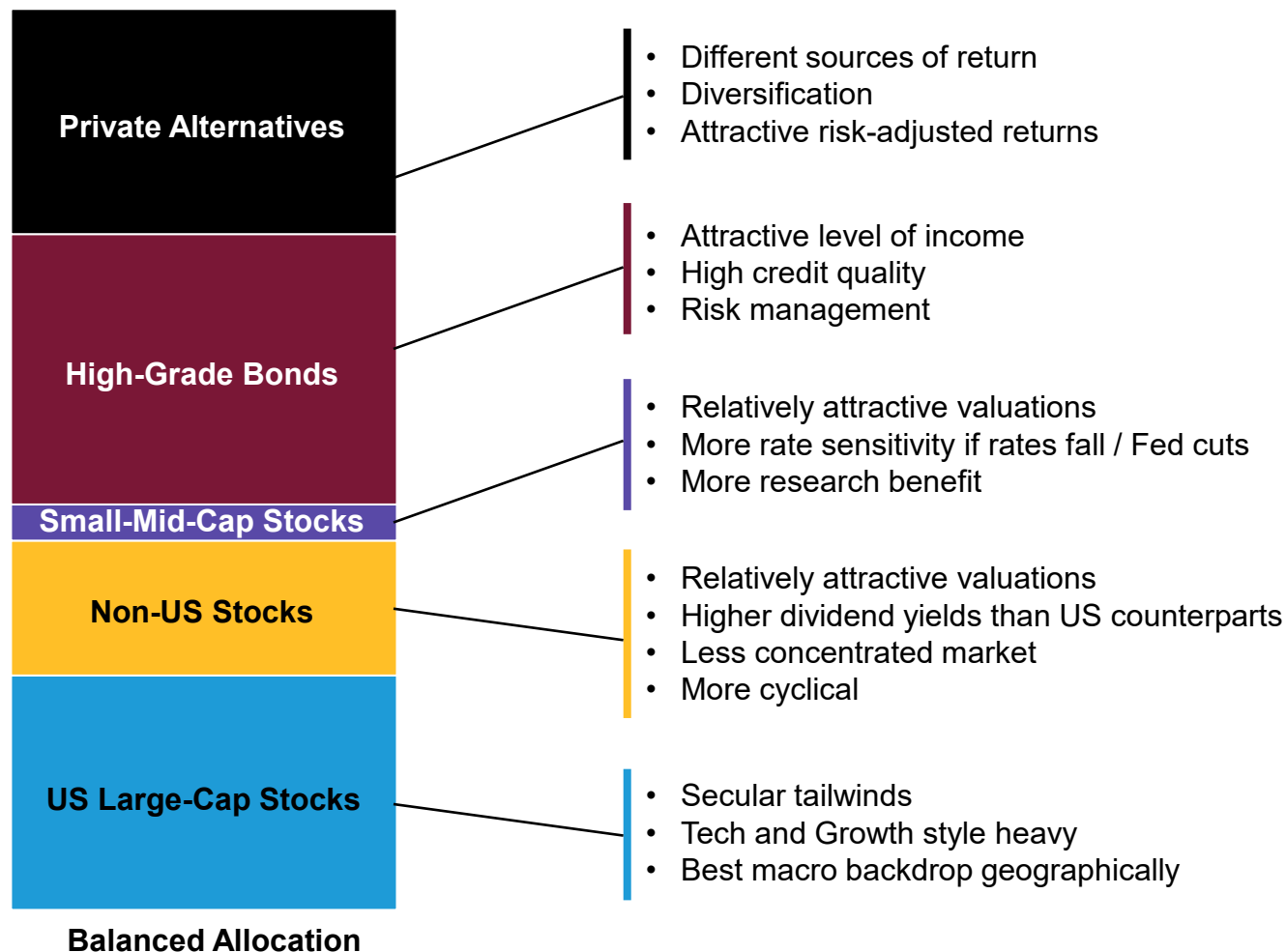
As of December 31, 2024. **Past performance does not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.**

*Note that some discretion on founding dates was used given complicated company origins. †US represented by the S&P 500, Europe by MSCI Europe, Asia ex Japan by MSCI Asia ex Japan, Japan by MSCI Japan, and emerging markets by MSCI Emerging Markets.

Source: Bloomberg, FactSet, Bureau of Labor Statistics, S&P, MSCI, and Bernstein analysis

Why Be Balanced? Preparation for Varied Market Environments

Prudent diversification means an investor will never, only, own the best performer

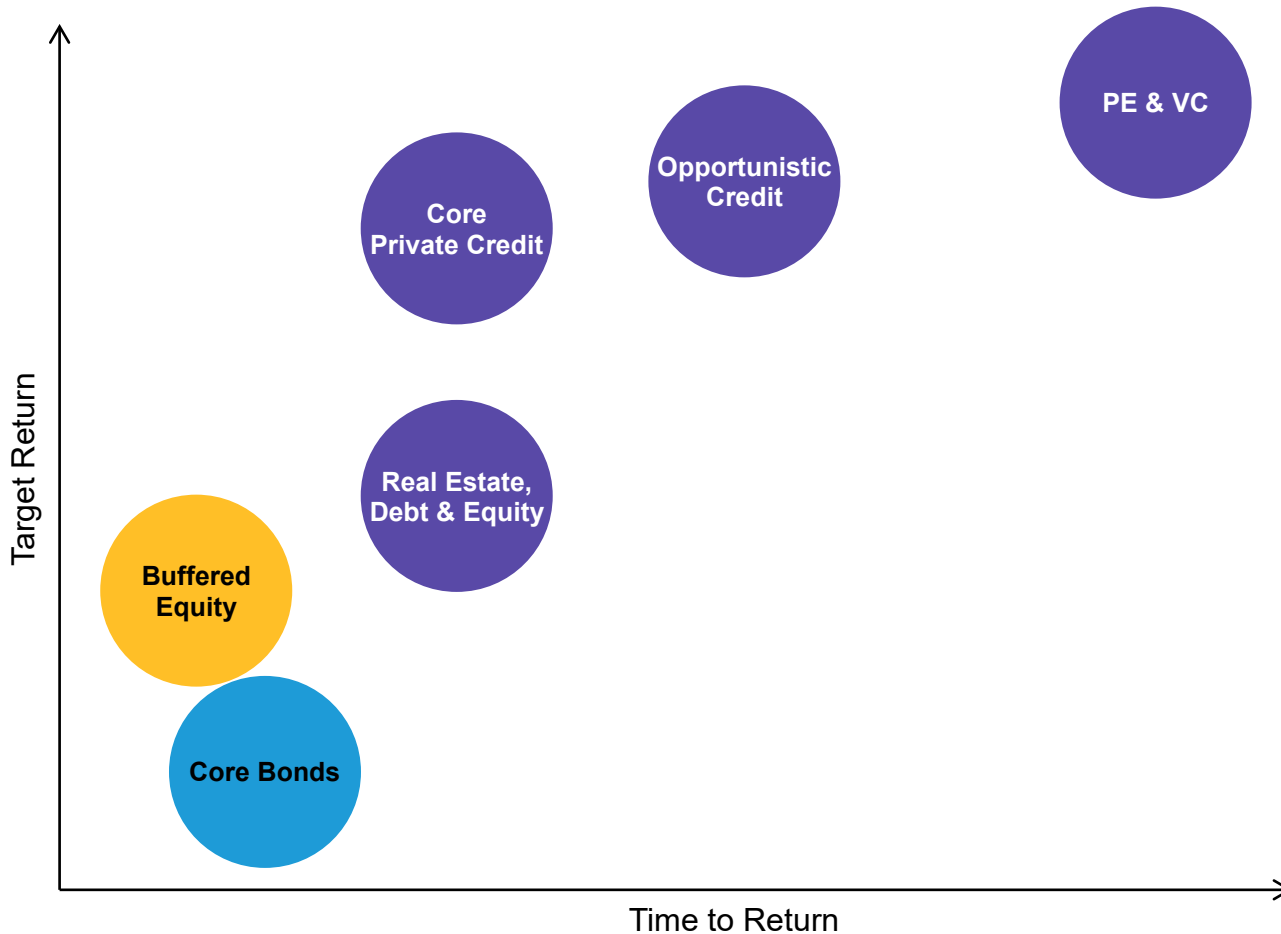


As of December 31, 2024

Diversification does not eliminate the risk of loss.

Source: Bernstein analysis

Best Ideas for 1H 2025



Opportunities Catalyzed by the Current Environment:

Near-Term Volatility

Upside participation with downside protection or the benefit of active tax-loss harvesting

Peak Rates

The hiking cycle has ended, and the economy is expected to slow into 2025. Current yields plus potential for price appreciation look appealing.

Liquidity Dislocation

Still constrained supply of capital in private markets, creating opportunity for those who can provide liquidity

As of December 31, 2024. For illustrative purposes only. Past performance is no guarantee of future returns. Target returns are hypothetical performance and not projections, predictions, or guarantees of future performance, and there can be no assurance that the target return will be achieved.
Source: Bernstein analysis

Additional Resources for Leaders

2025 Sample Research and Educational Topics for Fiduciaries



Finance and Investments

- Investing Basics for Fiduciaries
- Reserves Analysis
- Economic & Capital Markets Updates
- ESG & Responsible Investing
- Alternatives Investing
- Nonprofit & Foundation Financial Statements



Policy and Governance

- Fiduciary Duty & Investment Committee Best Practices
- Investment & Spending Policy Drafting & Review
- Grantmaking Historical Analysis & Guidelines Development
- Mission, Vision & Values Statements
- Compensation & Retirement Benefits Support



Development & Donor Engagement

- Philanthropic Trends & Opportunities
- Fundraising Campaign Analyses & Best Practices
- Planned Giving and Endowment Strategies
- Effective Ambassadorship/Culture of Philanthropy for Leaders
- AI/Technology Integration

The above are included as part of our servicing partnership with clients. There is no additional fee.

Delivery of topics is customizable and intended to serve as an extension of your team, helping amplify your work and mission.

How do planned gifts benefit nonprofits and donors?



Purely Philanthropic Strategies

- Charitable IRA Rollover
- Securities
- Cash

- Private Nonoperating Foundations
- Private Operating Foundations
- Donor-Advised Funds

- Pledges
- Bequests

• Immediate Gifts

• Staged Gifts

• Deferred Gifts

- Charitable Lead Annuity Trusts

- Charitable Gift Annuities
- Charitable Remainder Trusts
- Pooled Income Funds



Partly Philanthropic Strategies

[Philanthropy: Rooted in Your Values](#)

SAMPLE—Legacy Planning on Your Website

Planned giving arrangements can benefit both donor and charity. You can direct cash, stock, or tangible assets to a charity, minimizing taxes and allowing you to leave more to your family. Below are some popular planned-giving vehicles to facilitate both during-life and/or end-of-life gifts. This information is not legally binding; please consult an attorney for advice.

- **Bequests**—Name {ORG} in your will. Sample language: “I hereby give and bequeath [name dollar amount or percentage of the residue of your estate] to {ORG}, located at {ADDRESS} {tax ID #}, or its successors-in-interest, to be used for general charitable purposes.”
- **Life insurance**—You don't need a large estate to make a significant gift.
- **Donor-Advised Fund**—Create your own “charitable checkbook.”
- **Charitable Lead Trust**—An innovative way to pass appreciating assets on to family members while making gifts in the interim.
- **Charitable Remainder Annuity Trust**—Make a large gift and receive a fixed-income payout each year.
- **Charitable Remainder Unitrust**—Make a large gift and receive a flexible source of retirement income.
- **Retirement Plan**—As with trusts, you can list charitable organizations as the beneficiaries of your retirement fund assets.
- **Retained Life Estate**—Receive a deduction by donating a residence while retaining the right to live there for life.

Your legacy can help sustain our work for generations to come. For more details and to learn more about us, please contact our fiduciary partner, {BERNSTEIN CONTACT} at {(XXX) XXX-XXXX or X@X.org}.

Bernstein does not provide legal or tax advice. Consult with competent professionals in these areas before making any decisions.

Short On Time? AI Is Becoming A More Cooperative Member Of The Team

Example AI Integration for Nonprofit Organizations



Automate Financial Reporting

Integrate AI plug-ins through your accounting software like Sage or Quickbooks to shave hours from manual reporting practices.



Adopt AI Tools for Donor Outreach

Leverage AI-driven CRMs like DonorPerfect or Bloomerang to automate donor outreach and predict giving trends.



Streamline Grantmaking Operations

In preparation for board review of grant submissions, use AI to optimize grant application review including automated sorting and prioritization aligned with pre-determined grant mating priorities.



Expand Program Reach with AI

Offer interactive, tech-enabled donor experiences, like virtual reality tours of your programs.

Source: DonorPerfect; Bloomerang; Sage; Quickbooks

AI Resources To Help You Get Started

Strategies to Implement AI

If you are looking for help to develop a plan for a responsible implementation of AI technology in your organization, here is The Artificial Intelligence (AI) Suitability [Toolkit for Nonprofits](#), by NETHOPE, as well as the [USAID's artificial intelligence action plan](#), which shows how AI is impacting our sector and how organizations are preparing to use AI responsibly.

For more about Policy templates and implementation policies, [here is](#) Microsoft's AI Governance Framework for Nonprofits. Another good policy is provided by Emerson Collective by [clicking here](#).

Learn how to use AI in a Practical Way

If you want to go deeper and learn how to use AI technology in a practical way, check out the [Guide to Usefulness of Existing AI Solutions in Nonprofit Organizations](#), created by NetHope, as well as [Google Workspace's productivity guide](#) to using AI in nonprofits.

If you are looking for a prompt library, Whole Whale has created a [writing prompt formula for nonprofits](#); Google also offers a [nonprofit prompt library](#).

For more general information about prompting, we recommend [A Beginner's Guide to AI Prompting](#), by Victoria Sivaeva, and [The Prompt Collection](#), by Dave Birss.

[The Guide to Usefulness of AI for Nonprofit Organizations](#)

Notes on Wealth Forecasting System

1. Purpose and Description of Wealth Forecasting Analysis

Bernstein's Wealth Forecasting Analysis is designed to assist investors in making their long-term investment decisions as to their allocation of investments among categories of financial assets. Our planning tool consists of a four-step process: (1) Client-Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals, and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long-term, and how different asset allocations might effect his/her long-term security; (3) The Capital-Markets Engine: our proprietary model that uses our research and historical data to create a vast range of market returns, which takes into account the linkages within and among the capital markets, as well as their unpredictability; and (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles on "box-and-whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Expected market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market, and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results, or the actual probability that these results will be realized. The information provided here is not intended for public use or distribution beyond our private meeting.

Notes on Wealth Forecasting System

2. Modeled Asset Classes

The following assets or indexes were used in this analysis to represent the various model classes:

Asset Class	Modeled As	Annual Turnover
Cash Equivalents	3-month US Treasury bills	100%
Short-Term Treasuries	US Treasuries of 2-year maturity	50%
Short-Term Taxables	Taxable bonds of 2-year maturity	50%
Short-Term Diversified Municipals	AA-rated diversified municipal bonds of 2-year maturity	50%
Int.-Term Treasuries	US Treasuries of 7-year maturity	30%
Int.-Term Taxables	Taxable bonds of 7-year maturity	30%
Int.-Term Corporates	US investment-grade corporate debt of 7-year maturity	30%
Int.-Term Diversified Municipals	AA-rated diversified municipal bonds of 7-year maturity	30%
Global Int.-Term Taxables (Hedged)	50% sovereign and 50% investment-grade corporate debt of developed countries of 7-year maturity	30%
Int.-Term TIPS	US TIPS of 7-year maturity	30%
High Yield	Taxable bonds of 7-year maturity with credit characteristics of CSFB High Yield Index II	30%
Global Large-Cap (Unhedged)	MSCI World Index	15%
US Diversified	S&P 500 Index	15%
US Value	S&P/Barra Value Index	15%
US Growth	S&P/Barra Growth Index	15%
US Mid-Cap	Russell Mid-Cap Index	15%
US Small-/Mid-Cap	Russell 2500 Index	15%
US Small-Cap	Russell 2000 Index	15%
Developed International	MSCI EAFE Index (Unhedged)	15%
Emerging Markets	MSCI Emerging Markets Index	20%
Global REITs	NAREIT Index	30%
Real Assets	1/3 NAREIT, 1/3 MSCI ACWI Commodity Producer Index, 1/3 DJ-UBS Commodity Futures Index	30%
Diversified Hedge Fund	Diversified Hedge Fund Asset Class	33%

Notes on Wealth Forecasting System

3. Volatility

Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital-Market Projections page preceding these Notes. In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.8%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed-income assets is different for different time periods.

4. Technical Assumptions

Bernstein's Wealth Forecasting System is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital Markets Engine is the module responsible for creating simulations of returns in the capital markets. These simulations are based on inputs that summarize the current condition of the capital markets as of June 30, 2024. Therefore, the first 12-month period of simulated returns represents the period from June 30, 2024, through June 30, 2025, and not necessarily the calendar year of 2024. A description of these technical assumptions is available on request.

5. Expenses and Spending Plans (Withdrawals)

All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses, which will have capital-gains tax implications.

6. Tax Implications

Before making any asset-allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

Notes on Wealth Forecasting System

7. Tax Rates

Bernstein's Wealth Forecasting Analysis has used the following tax rates for this analysis:

Taxpayer	Scenario	Start Year	End Year	Federal Income Tax Rate	Federal Capital-Gains Tax Rate	State Income Tax Rate	State Capital-Gains Tax Rate	Tax Method Type
Client	All	2024	2025	40.8%	23.8%	0.0%	0.0%	Top Marginal
Client	All	2026	2033	43.4%	23.8%	0.0%	0.0%	Top Marginal

The federal income tax rate represents Bernstein's estimate of either the top marginal tax bracket or an "average" rate calculated based upon the marginal rate schedule. The federal capital-gains tax rate is represented by the lesser of the top marginal income tax bracket or the current cap on capital gains for an individual or corporation, as applicable. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital-gains taxes. The state income tax rate represents Bernstein's estimate of the "average" rate calculated based upon the applicable state's marginal tax schedule. Where an applicable state tax code permits the exclusion of a portion of capital-gains income from gross income for purposes of calculating state income tax such exclusions have been included in the calculation.

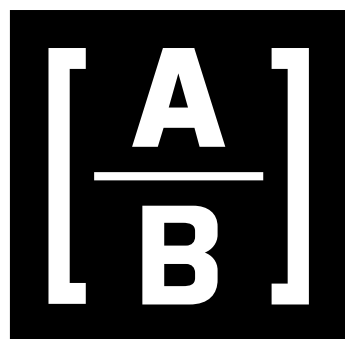
8. Core Capital Analysis

The term "Core Capital" means the amount of money necessary to cover anticipated lifetime net spending. All Noncore Capital assets are termed "Excess Capital." AB estimates Core Capital by inputting information supplied by the client, including expected future income and spending, into our Wealth Forecasting System, which simulates a vast range of potential market returns over the client's anticipated life span. From these simulations, we develop an estimate of the Core Capital the client will require to maintain spending level over time. Variations in actual income, spending, applicable tax rates, life span, and market returns may substantially affect the likelihood that a Core Capital estimate will be sufficient to provide for future expenses. Accordingly, the estimate should not be construed as a promise of actual future results, the actual range of results, or the actual probability that the results will be realized.

Disclosures and Important Information

This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Bernstein does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

Alternative investments involve a high degree of risk and are designed for investors who understand and are willing to accept these risks. **There can be no assurance that any alternative investment strategy will achieve its investment objectives.**



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