Parametric

Parametric Liability Driven Investing Solutions

OVERVIEW | February 2024

Seek to mitigate liability risk with total plan management

Parametric Liability Driven Investing (LDI) solutions are a suite of comprehensive, systematic, risk-managed solutions for all stages of the LDI process.

Recognizing that each investor's LDI journey is unique, Parametric has designed core building blocks that can be customized to support the goal of funding future liabilities, while balancing risk exposures on a total plan basis. Each approach is designed with the plan sponsor's growth needs and risk constraints in mind and underpinned by our proprietary program of key risk analysis, risk management oversight, and daily asset monitoring. Parametric's LDI solutions are suited for plans of all sizes who are seeking a consultative, risk-based approach to liability management.

Investment thesis

LDI has traditionally focused on fixed income assets, including cash bonds and derivatives, and their relationship to liabilities. Parametric's approach broadens that view to include return-seeking investments and exposure-management overlays.

Return-seeking assets likely have some relationship to credit spreads; exposure overlays preserve consistent adherence to target allocations at any point along an asset allocation glide path. Only by considering the entire plan can investors fully realize the transparency and efficiency of their LDI approach.

Potential Benefits

FLEXIBLE, INNOVATIVE SOLUTIONS

Customization available across physical and overlay program. Pension plans can choose from standard or liability-aware benchmarks, with dynamic hedge ratio management available.

EXPERIENCE AND SCALE

Parametric has over 30 years experience managing systematic, rules-based strategies. Our size, scale and proprietary technology enable us to deliver customized, cost effective LDI solutions for clients of all sizes.

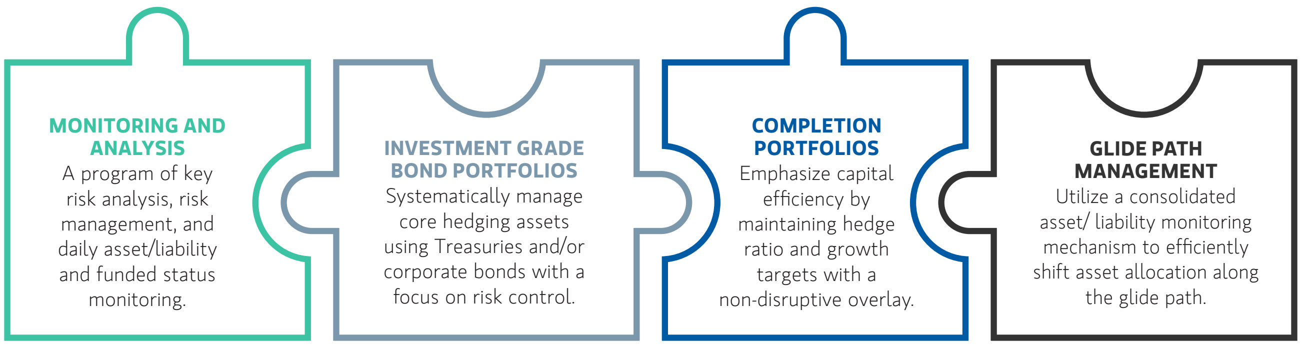
RISK-BASED APPROACH

A risk-based analysis and monitoring program provides an in-depth view of assets and liabilities. Our focus on risk, or "winning by not losing," applies throughout the investment process.

Investing in an LDI program involves risk. All investments are subject to loss. Please refer to the disclosures for additional information.

Portfolio Construction

Parametric LDI solutions may provide comprehensive end-to-end expertise for all phases of the pension de-risking process. Our approach is comprised of four core implementation options: 1) Monitoring and analysis, 2) Investment grade bond portfolios, 3) Completion portfolios, and 4) Glide path management. Portfolio construction begins as a risk exercise. Whether using all of these capabilities or a subset, the portfolio is then tailored and implemented using a rules-based, transparent investment process.



Investment objective

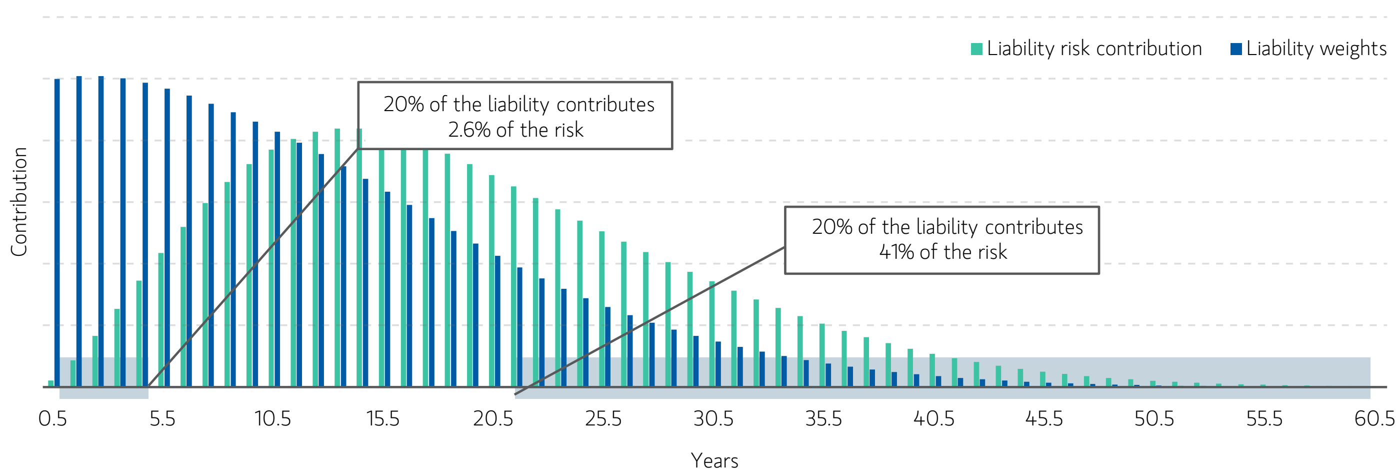
Parametric's LDI solutions seek to reduce the mismatch between plan assets and liabilities, and reach, or maintain, adequate funding.

To achieve this objective, both growth needs and risk constraints are considered. Additionally, the approach taken is customized depending on the plan's LDI glide path journey, from asset/liability alignment, and hedge ratio targeting, through to more complex hibernation strategies.

Proprietary analysis program

Parametric's analytics platform is designed to highlight key pension risks to help achieve the plan's objectives. Parametric thoughtfully analyzes projected benefit cash flows to deconstruct liability risk.

ILLUSTRATIVE EXAMPLE: LIABILITY CONTRIBUTION TO RISK BY CASH FLOW[1]



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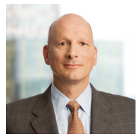
[1] For illustrative purposes only. Attributes do not represent an actual client of Parametric. It does not reflect the experience of any investor and should not be relied on for investment decisions. Actual portfolio holdings, returns and characteristics will vary for each client account. Sources: Parametric, Refinitiv, Bloomberg, ICE

About Parametric liability driven solutions

Parametric Liability Driven Investing (LDI) solutions are a suite of comprehensive, systematic, risk-managed solutions for all stages of the LDI process. Recognizing that each investor's LDI journey is unique, Parametric has designed three core implementation options: 1) Investment grade bonds, 2) Completion overlay, and 3) Glide path management. These options can be customized to support the goal of funding future liabilities, while balancing risk exposures on a total plan basis.

Portfolio Management Leadership

DAVID PHILLIPS, CFA, ASA, EA
Director, Liability Driven Investment Strategies



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IMPORTANT DISCLOSURES

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There is no assurance that the investment objective(s) will be achieved. All investments are subject to the risk of loss.

LDI programs utilize fixed income securities, including corporate bonds. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Company defaults can impact the level of returns generated by corporate debt securities. An unexpected default can reduce income and the capital value of a corporate debt security. Furthermore, market expectations regarding economic conditions and the likely number of corporate defaults may impact the value of corporate debt securities.

Overlay programs utilize derivative instruments. Investing in a derivatives involves risk. Derivatives such as futures, swaps, and other investment strategies have certain disadvantages and risks. Futures require the posting of initial and variation margin. Therefore, a portion of risk capital must be preserved for this purpose rather than being allocated to a manager. Liquid futures may not exist for published benchmarks which may result in tracking error. Also, some intraperiod mispricing may occur. Swaps require periodic payments, may be less liquid than futures, and may have counterparty or credit risk. Some investment strategies require a cash investment equal to the desired amount of exposure.

Parametric is headquartered at 800 Fifth Avenue, Suite 2800, Seattle, WA 98104. Parametric's Minneapolis office is located at 3600 Minnesota Drive, Suite 325, Minneapolis, MN 55435. For more information regarding Parametric and its investment strategies, or to request a copy of the firm's Form ADV or a list of composites, contact us at 206 694 5500 (Seattle) or 951 767 7700 (Minneapolis), or visit www.parametricportfolio.com.