Parametric

Parametric U.S. Corporate Ladders

STRATEGY OVERVIEW | 2024

Investment objective

To seek predictable income and capital preservation from high-quality corporate bonds.

Corporate laddered investment approach

Corporate laddered bond portfolios are constructed with the goal of maintaining principal protection with predictable cash flows—especially during environments of volatile interest rates and potential credit concerns. Our access to the market and proprietary technology allow us to build portfolios with the advantages of credit oversight, institutional buying power and ongoing tax loss harvesting.

PROFESSIONAL CREDIT RESEARCH

- Invest in corporate bonds using Parametric's proprietary credit analysis service
- Leverage a team of experienced credit analysts who select and continually monitor corporate bond investments for clients

PRINCIPAL PROTECTION

- Seek to minimize the impact of interest rate risk by reinvesting proceeds of maturing bonds—often at potentially higher yields

ACCESS INSTITUTIONAL BUYING POWER

- Experienced traders have access to a national network of over 100 broker-dealers to buy and sell bonds at attractive prices

Why U.S. Corporate Ladders?

Client Customization

MATURITY

- Choose any combination of maturity ranges from 1–10 years

CREDIT QUALITY CONCERNS[1]

- Choose between minimum ratings of A-, BBB-, or BB-

RESPONSIBLE INVESTING

- 40+ ESG screens, Calvert research integration

SECTOR RESTRICTIONS

- Choose from nine BICS sectors and 70 BICS industries for desired exclusions

MATURING BOND PRINCIPAL

- Investors may choose to reinvest maturing bond principal or receive cash

TAX LOSS HARVESTING

- Choose to actively harvest losses year-round

Additional highlights

- Minimum investment: $100,000
- Opt in tax loss harvesting feature allows for losses to be realized opportunistically on a year-round basis
- Ladder strategy typically does not experience turnover outside of maintenance of client-selected laddered maturity range, credit downgrades, and reinvestment of maturing or called bonds

Transition of existing portfolios

- Normal turnover transitions to client-selected laddered portfolio structure and retains inherited bonds that fit the selected parameters
- No turnover results in no selling of inherited bonds except for credit reasons and transitions to client-selected laddered portfolio structure as cash is available to invest

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[1] Ratings are based on Moody, S&P or Fitch, as applicable. Credit ratings are based largely on the ratings agency investment analysis at the time of rating, and the rating assigned to any particular security is not necessarily a reflection of the issuer current financial condition. The rating assigned to a security by a ratings agency does not necessarily reflect its assessment of the volatility of a security market value or of the liquidity of an investment in the security. If securities are rated differently by the ratings agencies, the higher rating is applied. Ratings of BBB or higher by Standard and Poor's or Fitch (Baa or higher by Moody's) are considered to be investment-grade quality.

[2] Diversification cannot ensure a profit or eliminate the risk of loss.

Tools for transition

TRANSITION ANALYSIS REPORT

For clients with existing portfolios, Parametric can provide a detailed analysis of current holdings and how they would be transitioned to a U.S. Corporate Ladder portfolio.

SAMPLE PORTFOLIO REPORT

A personalized report detailing the holdings, structure, and credit breakdown of a hypothetical Parametric U.S. Corporate Ladder portfolio. Sample portfolios are customized to client maturity and credit.

Parametric Difference

PERSONALIZED PORTFOLIOS

A wide range of customization options allows for a targeted allocation to match each individual client's risk-and-return profile.

ADVANCED TECHNOLOGY

Parametric's proprietary technology efficiently identifies the most attractive securities and optimizes the overall bond investing process.

TAX EFFICIENCY

We aim for enhanced after-tax returns through our differentiated year-round tax-loss harvesting, which focuses on minimizing transaction costs and cash drag.

EXCEPTIONAL CLIENT SERVICE

Direct access to the portfolio management team helps keep investors and advisors connected and on top of market insights and recommendations.

Parametric Portfolio Associates LLC ("Parametric"), headquartered in Seattle, Wash., is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Parametric is a leading global asset management firm, providing investment strategies and customized exposure management directly to institutional investors and indirectly to individual investors through financial intermediaries. Parametric offers a variety of rules-based investment strategies, including alpha-seeking equity, fixed-income, alternative and options strategies, as well as implementation services, including customized equity, traditional overlay and centralized portfolio management. Parametric is a part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley, and offers these capabilities through offices located in Seattle, WA, Boston, MA, Minneapolis, MN, New York, NY and Westport, CT.

This information is intended for informational purposes and details investment strategies and opportunities identified by Parametric. Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. Past performance is not indicative of future results. Investing entails risks and there can be no assurance that Parametric will achieve profits or avoid incurring losses. Parametric and Morgan Stanley do not provide legal, tax or accounting advice or services. Clients should consult with their own tax or legal advisor prior to entering into any transaction or strategy described herein. Additional information is available on request.

There is no assurance that a separately managed account ("SMA") will achieve its investment objective. SMAs are subject to market risk, which is the possibility that the market values of the securities in an account will decline and that the value of the securities may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g. natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g. portfolio liquidity) of events. Accordingly, you can lose money investing in an SMA.

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.

Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions may limit the ability to generate tax losses. Tax-loss harvesting involves the risks that the new investment could perform worse than the original investment and that transaction costs could offset the tax benefit. Also, a tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. Prospective investors should consult with a tax or legal advisor before making any investment decision.

Parametric is located at 800 Fifth Avenue, Suite 2800, Seattle, WA 98104. For more information regarding Parametric and its investment strategies, including a list of composites, or to request a copy of Parametric's Form ADV, please contact us at 206.694.5575 or visit our website, www.parametricportfolio.com.

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