



Ventura County Employees' Retirement Association (VCERA)

Overlay Solutions Performance Review

June 24, 2024

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Relationship Management
Dan Ryan
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Portfolio Management
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Firm Overview

Parametric Overview

We innovate and build customized solutions for institutional portfolios.



*Extensive, established
investment capabilities*

An industry pioneer in overlay solutions and custom indexing, Parametric is a trusted fiduciary for institutional asset owners.



*Focus on transparency
and repeatability*

We provide research and rules-based solutions with a quantitative approach. Our solutions span global markets, asset classes, and instrument types.



*Extension of staff
partnership*

We help investors solve specific portfolio challenges, implementing tailored solutions via a high-touch service model.

\$516.5B

Firm wide AUM¹, including
\$207.6B in institutional assets

500+

Institutional client
relationships

191

Investment professionals, including
106 CFA charterholders and 10 PhDs

30+

Years of investment experience across
equities, fixed income, and derivatives

Asset figures are approximate as of 3/31/2024.

¹AUM includes overlay exposure, and both discretionary and non-discretionary assets of Parametric Portfolio Associates® LLC (the Firm).

Certain statements contained herein reflect the subjective view of Parametric and its personnel and as such cannot be independently verified. Please refer to the disclosures for additional information.

Institutional Capabilities

We offer a comprehensive platform for investors seeking to:

- ✓ Eliminate inefficiencies
- ✓ Create custom exposures
- ✓ Capitalize on market opportunities
- ✓ Address strategic and episodic risks

Efficient implementation

Flexible exposure management programs tailored to fit specific needs

Solution ideas

- Cash overlay
- Rebalancing
- Transition exposure
- Custom equity exposures
- Custom fixed income exposures
- Responsible investing (ESG)

Return enhancement

Systematic strategies that seek alpha across asset classes

Solution ideas

- Alternative risk premia
- Systematic alpha
- Portable alpha
- Commodity management
- Tax management

Risk mitigation

Customizable tools that address and manage specific portfolio risks

Solution ideas

- Tail-risk strategies
- Market and security hedging programs
- Asset and liability hedging
- Currency management

Investing involves market- and program-specific risks. All investments are subject to loss.

The Parametric Difference



Collaborative, client-centric approach

Clients are supported by a high-touch, consultative team with decades of experience structuring and executing custom strategies.



The next level of implementation refinement

Our investments in technology and thoughtful trade execution deliver highly competitive solutions across markets.



Comprehensive, transparent investment approach

Clients gain comprehensive exposure management tools with daily reporting delivered in a customizable format.

Certain statements contained herein reflect the subjective view of Parametric and its personnel and as such cannot be independently verified. Please refer to the disclosures for additional information.

Parametric Overlay Solutions by the Numbers

\$145.7B

overlay assets
under management¹

45

dedicated investment
personnel

> \$1 trillion

exposure value
traded in 2023

30+

years of experience
managing overlay programs

All numbers are approximate as of 3/31/2024.

¹Assets under management include overlay assets managed on a discretionary and non-discretionary basis.

Representative Client List as of March 31, 2024

> **Public**

East Bay Municipal Utility District
Fairfax County Employees' Retirement Systems
Houston Police Officers' Pension System
Manhattan & Bronx Surface Transit Operating Authority Pension Plan
Marin County Employees' Retirement Association
Massachusetts Pension Reserves Investment Management Board
New Mexico Public Employees' Retirement Association
Orange County Employees Retirement System
San Mateo County Employees' Retirement Association
Teachers' Retirement System of Louisiana
Utah School and Institutional Trust Funds Office
State of Wisconsin Investment Board
Ventura County Employees' Retirement Association

> **Endowments**

Carnegie Institution of Washington
Florida State University Foundation
Indiana University Foundation
Pepperdine University
Texas Christian University
Regents of the University of Michigan
University of Minnesota Foundation

> **Faith Based**

Catholic Diocese of Fort Worth
Covenant Ministries of Benevolence
Ministers & Missionaries' Benefit Board of American Baptist Churches
Pension Fund of the Christian Church
YMCA Retirement Fund

> **Healthcare**

Advocate Health and Hospitals Corporation
North Memorial Health Care
Trinity Health Pension

> **Taft-Hartley**

ABC-NABET Retirement Trust Fund
Boilermaker-Blacksmith National Pension Trust
Greater Pennsylvania Carpenters' Pension Fund
Chicago Laborers' Pension & Welfare Funds
International Union of Painters and Allied Trades Annuity Plan
SEIU Pension Plans Master Trust
Western Pennsylvania Teamsters & Employers Pension Fund

> **Foundations**

John D. & Catherine T. MacArthur Foundation
The McKnight Foundation
Strada Education Network, Inc.
Wisconsin Alumni Research Foundation

> **Corporate**

The Boeing Company
EverSource Energy
Raytheon Technologies Corporation

It is not known whether the listed clients approve or disapprove of the adviser. The partial list of clients included herein were selected as being representative of the different types of institutional clients and businesses serviced by Parametric. Performance-based data was not a determining factor in their selection.

Program Review for VCERA

Overlay Services - Big Picture

- > Overlay strategies offer a convenient, low cost means for:
 - > Enhancing expected return
 - > Managing risk
 - > Increasing efficiency
- > Institutional investors employ overlay strategies to help them better implement and achieve their policy objectives
- > Exchange-traded futures are often utilized to add or remove exposure to a variety of asset classes
 - > Integrate seamlessly into a fund's existing framework
 - > Non-disruptive to existing manager portfolios

Investing in a derivatives strategy involves risk. Please refer to the Risks and other Disclosures for additional information.

Parametric Overlay Solutions

Parametric has over three decades of experience in delivering overlay services to the institutional marketplace.



Partnership

Dedicated and client-focused investment team to complement your staff and act as fiduciaries.



Expertise

A strategic focus of the organization, supported by significant investment in people, processes, and technology.



Proprietary technology

Developed and maintained in house, allowing for program customization tailored to a client's specific needs.

Certain statements contained herein reflect the subjective views of Parametric and as such cannot be independently verified.

VCERA Overlay Structure

- > Overlay cash held for ongoing fund liquidity needs
 - > Benefit payments
 - > Capital calls
- > Overlay cash within certain manager portfolios
 - > Sprucegrove
- > Maintain asset allocation and rebalance only after pre-defined thresholds are breached
- > Maintain exposure throughout transition events
- > Daily tracking allows for increased governance and oversight

Key Takeaways

- > Portfolio remains fully invested
- > Reduced tracking error to policy benchmark
- > Increased governance and oversight

Portfolio Management Process

VCERA account data is delivered into proprietary investment management system¹



Proprietary technology validates portfolio data and generates custom overlay analytics



Overlay team evaluates and confirms overlay analytics



Necessary overlay adjustments are executed after system and multiperson verification



Comprehensive overlay program reporting is published to secure client portal

¹In some cases data may not be available on a daily basis or is not accessible because the balance is held by a manager who does not make information available electronically.
For illustrative purposes only.

VCERA Cash Overlay Overview

Parametric monitors cash exposure in the VCERA portfolio. Overlay exposures are utilized to securitize cash exposure into capital market exposure

- > Fund cash and Manager cash is securitized in a manner that seeks to minimize exposure imbalances relative to target asset allocations

VCERA Cash Exposure Summary by Asset Class (5/31/24)

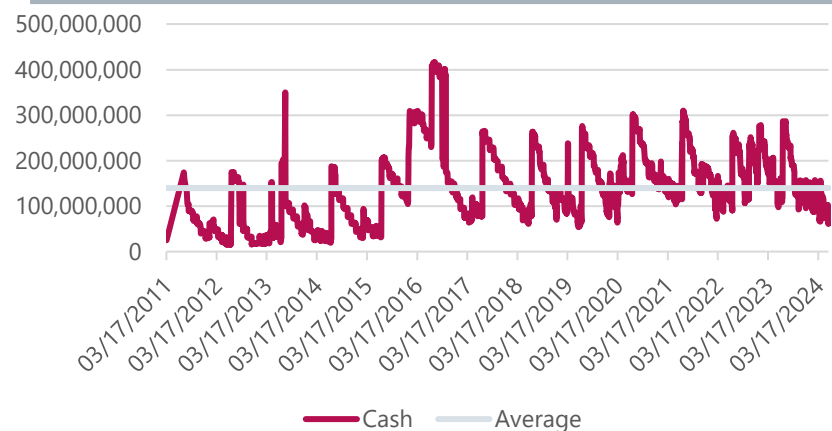
Asset Class	Exposure (\$)
Domestic Equity	(\$51.1M)
Global Equity	(\$21.1M)
International Equity	\$61.7M
Fixed Income	\$71.0M
Net Exposure	\$60.5M

Key Benefits:

- > Increase expected returns
- > Reduce transactions costs
- > Increase liquidity

As of 5/31/2024. Information subject to change.
Source: Parametric; Date: 5/31/2024

VCERA Cash Exposure



Cash Levels	Actual		Effective	
	Cash	%	Cash	%
Average	140,446,786	2.59%	1,593,401	0.03%
Maximum	416,891,442	9.03%		
Minimum	15,231,417	0.46%		

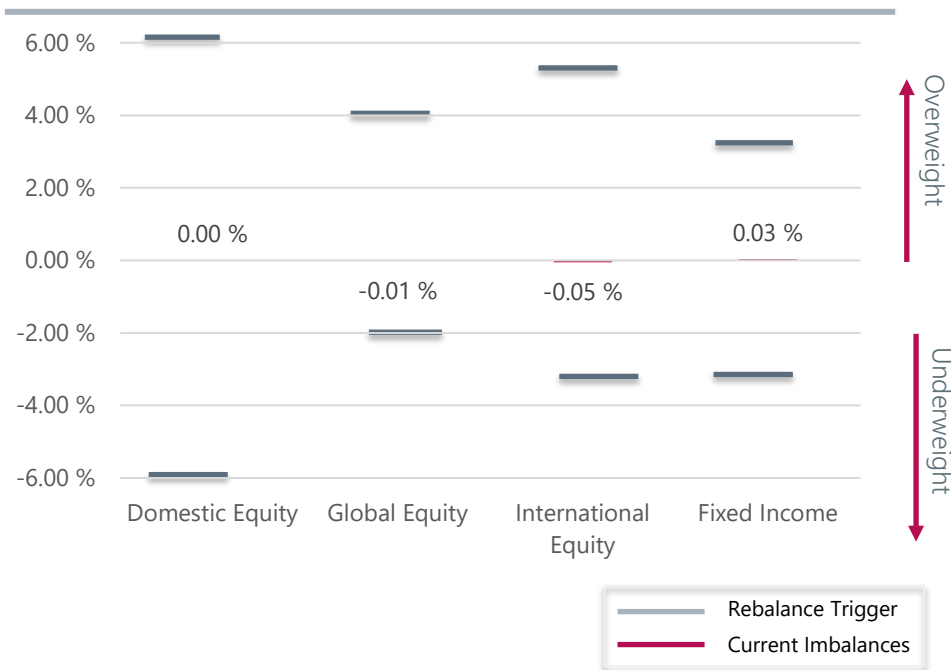
VCERA Rebalancing Overlay Overview

Parametric monitors asset class exposures relative to VCERA's rebalancing ranges

VCERA Rebalancing Ranges

Asset Class	Target %	Rebalancing Range
Domestic Equity	26.00%	±6%
Global Equity	9.00%	-2% to +4%
International Equity	15.00%	-3% to +5%
Fixed Income	10.00%	±3%

Portfolio Exposures Relative to Target Allocation 5/31/2024



Parametric rebalances portfolio exposures back to asset class targets once asset class exposures have exceeded one or more rebalancing ranges

Rebalancing ranges represent asset classes that are replicable with liquid futures contracts; exposures for other asset classes are allocated proportionally to replicable asset classes and not included in rebalancing ranges.

As of 5/31/2024. Information subject to change.

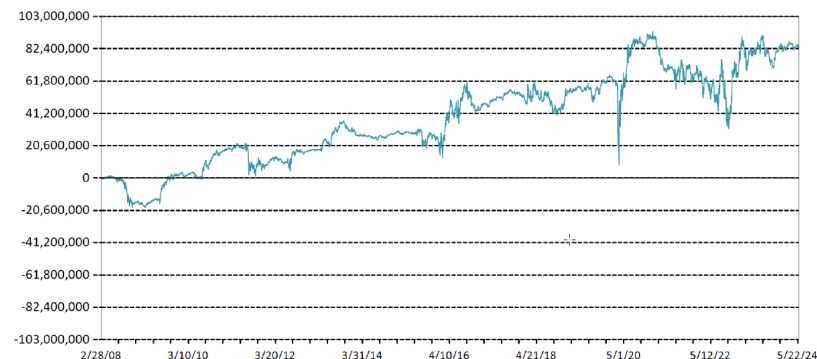
Source: Parametric; Date: 5/31/2024

Overlay Performance and Metrics (5/31/2024)

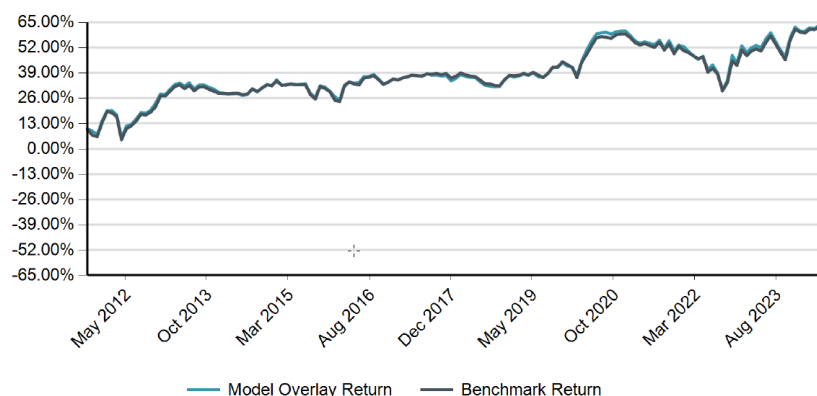
Overlay Return Summary

Overlay Performance	Incremental Gain/Loss (Net)	Return as a % of Total Fund (Net)
1 Year	\$4,839,585	0.06%
3 Year	\$13,107,438	0.05%
5 Year	\$25,869,988	0.08%
Inception (2/26/2008)	\$81,285,721	0.13%

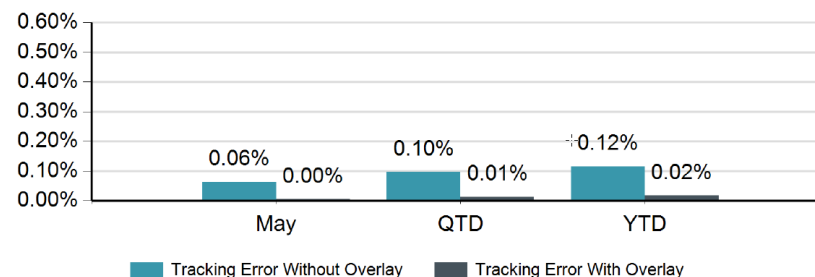
Incremental Gain/Loss (2/29/2008 – 5/31/2024)



Synthetic Benchmark Return¹ vs. Benchmark Return



Tracking Error Analysis



¹Return streams are based on information provided by a third party.

Returns are gross of management fees unless otherwise noted. The deduction of an advisory fee would reduce investor's return. Information subject to change.

Past performance is not indicative of future results. Please refer to the disclosures at the end of this presentation.

Source: Bloomberg and Parametric; Date: 5/31/2024

Risks

Overlay Solutions: What Are the Risks?

Risk	Description	How Parametric Mitigates
Market	Market performs in a way that was not anticipated. For example, cash outperforms capital markets.	Systematic market risk is an inherent part of the Overlay program and can neither be diversified away nor mitigated. Client specific policy guidelines are established to clearly define desired market risk based on client asset allocation targets.
Communication/ Information	Overlay index exposures are maintained based on underlying investment values provided by one or more third parties. There are often delays in the receipt of updated information which can lead to exposure imbalance risks. Inadequate communication regarding cash flow moves into and out of fund and manager changes can lead to unwanted asset class exposures and loss.	Parametric establishes communication links with custodial, manager, and other sources to obtain and verify positions and cash flow data as soon as it is available. Suspect data may be researched and staff notified.
Margin/Liquidity	Potential that the market moves in a manner adverse to the overlay position causing a mark-to-market loss of capital to the fund and a resulting need to raise liquidity or to close positions; this situation could happen at a time when underlying fund or positions are also declining in value.	Parametric strives to be aware of potential collateral and cash requirements to reduce the risk of needing to remove positions. Additional margin requirements are communicated via electronic mail and margin adequacy is available to the client daily.
Tracking Error	Futures (synthetic) index returns do not perfectly track benchmark index returns. This divergence between the price behavior of a position or portfolio and the price behavior of a benchmark is tracking error and impacts performance.	Parametric seeks to minimize tracking error by utilizing liquid futures contracts with sufficient daily trading volume and open interest. All derivative contracts will have some tracking error that cannot be mitigated by an overlay manager.
Leverage	Creation of market exposure in excess of underlying collateral value may lead to significant capital losses and result in position liquidation.	Parametric obtains daily collateral pool values and adjusts beta overlay positions to maintain the ratio of total exposure to collateral within a pre-defined client determined band.
Counterparty	Counterparty credit risk on OTC trading. Note: Bilateral centrally cleared OTC counterparty risk is similar to the clearing risk of holding futures investments.	Parametric can facilitate the negotiation of ISDA documentation that seeks to reduce the potential credit risk associated with OTC counterparties. Parametric monitors credit ratings and credit default swap spreads for all counterparties used and will inform staff of developments which may negatively impact credit risk.
Collateral	The program may experience losses on the underlying designated assets in addition to potential losses on the index market exposure overlaying these assets.	This risk cannot be mitigated by an overlay manager. Parametric discusses the potential for negative performance in the collateral used for the overlay prior to alpha transport applications with client.

Appendices

Biographies: Institutional Sales & Service

Daniel Ryan

Executive Director, Client Relationship Management

Dan is responsible for managing client relationships throughout the Western US. Prior to joining Parametric in 2013, Dan was Vice President and Senior Relationship Manager at State Street Global Advisors. He earned a BA in history from the University of Michigan.

Joe Zeck, CFA

Portfolio Manager

Joe is responsible for designing, trading, and managing overlay portfolios. Prior to joining Parametric in 2014, Joe worked for Trust Point as a portfolio manager. He earned a BS in finance from St. Cloud State University. A CFA charterholder, Joe is a member of the CFA Society of Minnesota.

Synthetic Indices¹

The most often used index benchmarks are as follows:

> Domestic Equity²

- S&P 500® Index
- S&P 400® Mid Cap Index
- MSCI USA IMI Index
- MSCI Small Cap USA Index
- Russell 1000® Index
- Russell 2000® Index
- Russell 3000® Index
- Wilshire 5000 Index

> Fixed Income

- Bloomberg Barclays U.S. Aggregate Bond Index
- Bloomberg Barclays U.S. Aggregate Gov/Credit Index
- Bloomberg Barclays Intermediate U.S. Gov/Credit Index
- Bloomberg Barclays U.S. Long Gov/Credit Index
- Bloomberg Barclays U.S. Aggregate Long Treasury Index
- Bloomberg Barclays U.S. Long Treasury Index
- Bloomberg Barclays U.S. Universal Index
- Citi U.S. Broad Investment-Grade (USBIG) Bond Index
- BofA Merrill 1-3 Year U.S. Treasury Index
- Various Constant Duration Benchmarks

> International Equity

- MSCI EAFESM Index
- MSCI ACWI ex. U.S.SM
- MSCI ACWI ex. U.S. IMI
- MSCI Emerging Markets Index
- MSCI World ex. U.S.SM
- S&P Global Broad Market Index

> Global Equity

- MSCI ACWI IMI
- MSCI WorldSM

> Commodities

- S&P Goldman Sachs Commodity Index
- Bloomberg Commodities Index (BCOM)
- Custom Commodity Baskets

> International Fixed Income

- Citigroup WGBI ex. US
- Bloomberg Barclays Global Aggregate Index ex. U.S.

> Currency

- Indexes
- Individual Currency Exposure

¹Please note that only broad market (e.g. versus style) futures are available and/or liquid enough for use. Individuals may not invest directly into indexes.

²In the case of style asset exposure needs (i.e. small cap growth), Parametric can manage ETF exposures to fulfill client needs. Customized nonstandard indexes can be replicated using swaps.

For informational purposes only. This is not an offer to buy or sell securities.

Parametric Overlay Solutions Composite

GIPS Report – Reported in USD

	Total Gross Return AWR	Total Net Return AWR	3Yr Ex-Post Std Dev Composite Gross	Internal Equal Wtd. Dispersion	Number Of Portfolios	Year-End Composite Overlay Exposure	Composite Assets (MM)	Total Firm Assets (MM)	Total Firm Overlay Exposure (MM)	Total Firm Economic Exposure (MM)*
2014	2.98%	2.83%	2.80%	4.74%	270		36,290	94,545		
2015	-0.86%	-1.01%	2.86%	5.57%	333		43,711	99,248		
2016	3.40%	3.24%	2.73%	8.03%	334		46,915	111,470		
2017	9.03%	8.87%	3.02%	9.08%	335		45,026	137,786		
2018	-2.86%	-3.01%	3.39%	3.43%	355		37,087	122,650		
2019	8.75%	8.59%	3.74%	9.71%	385		47,924	277,806		
2020	8.71%	8.55%	7.83%	11.36%	404	61,410		241,194	106,496	347,690
2021	4.75%	4.59%	7.52%	16.51%	455	76,012		292,472	125,968	418,440
2022	-8.07%	-8.21%	8.77%	14.94%	454	62,325		265,381	115,810	381,191
2023	5.16%	5.01%	6.59%	40.15%	438	66,266		334,544	130,631	465,175

* Total Firm Economic Exposure is the sum of the total firm assets and the firm overlay exposure. Firm overlay exposure represents the sum of the notional exposure of the overlay strategy portfolio or a specific contractual program notional value.

Composite Creation Date: December, 2013; Inception Date: July 1, 1996

Annualized As Of 12/31/2023	Composite Gross Return	Composite Net Return
1 Year	5.16%	5.01%
5 Year	3.67%	3.51%
10 Year	2.96%	2.80%

- Parametric Portfolio Associates® LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Parametric Portfolio Associates® LLC has been independently verified for the periods January 1, 2000 to December 31, 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Defensive Equity Strategy Composite has had a performance examination for the periods January 1, 2013 to December 31, 2023. The verification and performance examination reports are available upon request.
- Parametric Portfolio Associates® LLC (the "Firm") is an investment advisor registered under the Investment Advisers Act of 1940. Parametric Portfolio Associates® LLC provides rules-based investment management services to institutional investors, individual clients and commingled investment vehicles, including Systematic Alpha and Income Strategies, Custom Core, Centralized Portfolio Management ("CPM"), Customized Exposure Management ("CEM"), Volatility Risk Premium ("VRP"), Tax-Advantaged Bond Strategies (TABS), and Taxable Bond Strategies. The Firm has complied with the GIPS standards retroactive to January 1, 2000.

Prior to July 1, 2019, the firm included only the Parametric Investment & Overlay Strategies. On July 1, 2019, the firm was redefined to include the Parametric Custom Tax-Managed & Centralized Portfolio Management Strategies. On January 1, 2020, the firm was redefined to include the Tax-Advantaged Bond Strategies (TABS), and Taxable Bond Strategies previously managed by Eaton Vance Management, an investment affiliate of Parametric's parent company, Eaton Vance Corporation. On May 1, 2023 the firm was redefined to include the Morgan Stanley Investment Management ("MSIM") Fixed Income Managed Solutions' strategies. For the purpose of complying with the GIPS standards, the Firm is defined and held out to the public as Parametric Portfolio Associates® LLC.

On March 1, 2021, Eaton Vance Management and its affiliates (which includes Parametric Portfolio Associates® LLC) became wholly-owned, subsidiaries of Morgan Stanley. The Firm continues to operate as Parametric Portfolio Associates® LLC.

3. Effective January 1, 2020, portfolio returns are calculated based on the sum of the monthly gain/loss in the client account divided by the account AUM value of the previous month end. The account AUM value is the notional value of the securities within the account. The client account AUM value at the prior month end is used for the composite asset weighted performance calculation. Collateral and collateral income are not reflected in the composite returns. Prior to January 1, 2020 portfolio returns are calculated based on the sum of the daily gain/loss in the client account divided by the total portfolio value of the previous month end. The total portfolio value is the market value of the client's manager portfolios, as defined in the guidelines. The client account overlay target value at the prior month end is used for the composite asset weighted performance calculation. Collateral and collateral income are not reflected in the composite returns.
4. The methodology used to calculate composite overlay exposure represents the notional exposure of the overlay strategy portfolio.
5. Internal dispersion is based on the sample using the equal-weighted standard deviation of the annual gross returns of those portfolios that were included in the composite for the entire year. When the composite consists of five or fewer portfolios for the full year, no dispersion measure is presented. The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.
6. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
7. A list including composite descriptions and pooled funds descriptions for limited distribution pooled funds is available upon request.
8. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
9. The Parametric Overlay Solutions Composite is comprised of all fully discretionary separate accounts that create custom overlay solutions designed to help investors achieve policy objectives. The Parametric Overlay Solutions strategy utilizes an array of investment instruments to achieve client objectives through adherence to detailed investment guidelines. Objectives can include interest rate management, currency management, rebalancing, transition management, cash securitization and neutralizing policy performance shortfalls. Key risks for strategies utilizing derivative securities have one or more combinations of the following risks that may be incurred: market risk, communication/information risk, leverage risk, trade restrictions risk, margin/liquidity risk, commodity risk, collateral risk and opportunity risk.
10. Individual accounts in the composite may contain account specific investment restrictions or features that may lead to differences in the holdings and performance of each account but are still eligible for inclusion in the composite.
11. This composite is not compared against a benchmark. There is no observable benchmark or index that exists with an objective similar to that of the strategy. It is not possible to directly invest in an index.
12. Composite net returns are calculated by deducting the actual portfolio management fee charged when known and available, otherwise the maximum management fee charged for a segregated account of this style is deducted from the gross performance returns.
13. The separate account management fee schedule is as follows: First \$50M @ 0.15%; Thereafter @ 0.10%.
14. Derivative securities are used in the accounts which comprise this composite. The firm's strategies contain derivatives such as futures, options, swaps, and other investment strategies that may involve certain advantages 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. Swaps require periodic payments, which may be less liquid than futures, and certain swaps may have counterparty/credit risk. Some investment strategies may require a collateral investment equal to the desired amount of exposure.

Disclosure

Parametric Portfolio Associates® LLC ("Parametric"), headquartered in Seattle, is registered as an investment advisor with the Securities and Exchange Commission under the Investment Advisors 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. Parametric also offers implementation services, including customized equity, traditional overlay and centralized portfolio management. Parametric is an affiliate of Morgan Stanley Investment Management, the asset management division of Morgan Stanley, and offers these capabilities through offices located in Seattle, Boston, Minneapolis, New York City, and Westport, Connecticut. This material may not be forwarded or reproduced, in whole or in part, without the written consent of Parametric. Parametric and its affiliates are not responsible for its use by other parties.

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.

Charts, graphs and other visual presentations and text information were derived from internal, proprietary, and/or service vendor technology sources and/or may have been extracted from other firm data bases. As a result, the tabulation of certain reports may not precisely match other published data. Data may have originated from various sources including, but not limited to, Bloomberg, MSCI/Barra, FactSet, and/or other systems and programs. Parametric makes no representation or endorsement concerning the accuracy or propriety of information received from any other third party.

Benchmark/index information provided is for illustrative purposes only. Investors cannot invest directly in an index. Returns for indexes are calculated gross of management fees. Deviations from the benchmarks provided herein may include but are not limited to factors such as: the purchase of higher risk securities, over/under weighting specific sectors and countries, limitations in market capitalization, company revenue sources, and/or client restrictions. Parametric's proprietary investment process considers factors such as additional guidelines, restrictions, weightings, allocations, market conditions and other investment characteristics. Thus, returns may at times materially differ from the stated benchmark and/or other disciplines and funds provided for comparison.

Performance is presented gross of advisory fees. Advisory fees are deducted quarterly from an investor's portfolio and would impact performance adversely. As an example, assuming (a) \$1,000,000 investment, (b) portfolio return of 5% per year, and (c) 1.00% annual investment advisory fee, the cumulative fees paid would be \$10,209.57 in the first year, \$55,254.43 over five years, and \$122,351.51 over ten years. Actual fees charged vary by portfolio due to various conditions, including account size. Parametric's investment advisory fees are described further in Part 2A of Form ADV, which is available on request.

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 intra-period mispricing may occur. Swaps require periodic payments, may be less liquid than futures, and may have counterparty/credit risk. Some investment strategies require a cash investment equal to the desired amount of exposure.

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Parametric is headquartered at 800 5th Ave Suite 2800, Seattle, WA 98104. Parametric's Minneapolis office is located at 3600 Minnesota Drive, Suite 200, Minneapolis, MN 55435. For more information regarding Parametric and its investment strategies, or to request a copy of Parametric's Form ADV, please contact us at 206.694.5575 (Seattle) or 952.767.7700 (Minneapolis), or visit our website, www.parametricportfolio.com.

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