Parametric

Parametric U.S. Treasury Ladders

STRATEGY OVERVIEW | 2025

Investment Objective

Seek predictable income and capital preservation from high-quality U.S. Treasury bonds

U.S. Treasury Laddered Investment Approach

U.S. Treasury Laddered bond portfolios are constructed with the goal of maintaining principal protection with predictable cash flows — especially during environments of volatile interest rates and credit stress. Professional, customized management can offer important potential benefits to bond investors.

How does a laddered portfolio work?

A laddered portfolio equally weights Treasuries by maturities. Proceeds of maturing U.S. Treasuries are generally reinvested into longer maturities, potentially at higher yields. Yearly portfolios are equally weighted quarterly and monthly portfolios are equally weighted monthly.

What are the potential benefits?

The ladder structure may provide the opportunity to increase returns in rising interest rate scenarios. Even maturities provide stable annual income.

May minimize the impact of interest rate risk by systematically reinvesting proceeds of maturing bonds bonds—often at potentially higher yields.

Why U.S. Treasury Ladders?

Client Customization

MATURITY RANGE

- 1-12 months
- 1-24 months
- 1-5 years

Additional Highlights

- Minimum investment of $100,000[1]

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[1].

[1] Minimum investment for firms utilizing Prime Brokerage is $125,000.

There is no guarantee that the investment objectives will be met. All investments are subject to risk, including 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 Parametric U.S. Treasury Ladder portfolio.

SAMPLE PORTFOLIO REPORT
A personalized report detailing the holdings and structure breakdown of a hypothetical Parametric U.S. Treasury Ladder portfolio.

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.

The information represents how the investment team generally applies their investment processes under normal market conditions. Diversification does not eliminate the possibility of loss. All investments are subject to risk.

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.

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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.

Although certain U.S. Government-sponsored agencies (such as the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association) may be chartered or sponsored by acts of Congress, their securities are neither issued nor guaranteed by the U.S. Treasury. U.S. Treasury securities generally have a lower return than other obligations because of their higher credit quality and market liquidity.

As interest rates rise, the value of a client portfolio invested primarily in fixed-income securities or similar instruments is likely to decline. Conversely, when interest rates decline, the value of such a client portfolio is likely to rise. Securities with longer maturities are more sensitive to changes in interest rates than securities with shorter maturities, making them more volatile. A rising interest rate environment may extend the average life of mortgages or other asset-backed receivables underlying mortgage-backed or asset-backed securities. This extension increases the risk of depreciation due to future increases in market interest rates. In a declining interest rate environment, prepayment of certain types of securities may increase. In such circumstances, the portfolio manager may have to reinvest the prepayment proceeds at lower yields. A strategy that is managed toward an income objective may hold securities with longer maturities and therefore be more exposed to interest rate risk than a strategy focused on total return.

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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