

Parametric TABS Managed Municipal Portfolios

Strategy overview

Investment objective

An actively managed municipal strategy seeking tax-free income and capital preservation.

Investment philosophy

- We believe a process of security selection, credit selection and portfolio construction can potentially outperform, on a risk-adjusted basis, more aggressive strategies involving greater credit risk or market timing.

Investment process

- Seeks to add value by buying bonds on the institutional bid side while attempting to sell on the retail offered side
- Seeks to add value by taking advantage of long-term credit trends
- Seeks to add value by adjusting positioning along the yield curve
- Employs year-round tax loss harvesting to generate tax alpha and elevate after-tax return potential

Risk management

- All key credit, portfolio management, and trading roles are filled by highly seasoned and experienced municipal market professionals
- All credits are systematically analyzed and Parametric's credit research process is applied

Why Managed Municipals?

Client customization

Maturity options

- Short
- Intermediate
- Long

State concentration

- National
- State-specific²: CA, MA, MI, MN, NJ, NY, OH, PA, TX
- State preference² (generally 50%): AZ, CA, CO, CT, GA, MA, MI, MN, MO, MD, NC, NJ, NY, OH, OR, PA, TX, VA, UT
- State -Best efforts² (generally 20%): FL, HI, IN, KY, LA, SC, TN

Responsible Investing³

- Leveraging Calvert Research and Management, Managed Municipals can be built incorporating an ESG approach

Active Management

- **Relative Value Trading:** Actively exploit inefficiencies in the municipal market by offering bonds out for sale
- **Tax Loss Harvesting:** Continuous monitoring to harvest losses to lessen impact of capital gains taxes on portfolio returns

Transition of existing portfolios

- Bonds that don't fit will be opportunistically offered over an approximate 60-day period to obtain offered side prices whenever possible

Additional highlights

- Minimum investment: \$250,000
- No bonds subject to the alternative minimum tax
- Cash in new accounts generally invested within 30 days

Tools

Transition analysis report

For clients with existing municipal portfolios, Parametric can provide a detailed analysis of current holdings and how they would be transitioned to Managed Municipals portfolios.

Sample portfolio report

Get client personalized reports detailing the investment of new cash or review of existing bond holdings. The reports display more details on structure, credit breakdown and sample purchases.



¹Ratings are based on Moody's, S&P or Fitch, as applicable. Credit ratings are based largely on the ratings agency's investment analysis at the time of rating, and the rating assigned to any particular security is not necessarily a reflection of the issuer's 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's 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. ²State-Specific, State Preference and State – Best Efforts available in A- min only. UT includes reciprocal states. ³Responsible Investing and Tax-Loss Harvesting customization will vary by firm and platform.

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.

An imbalance in supply and demand in the municipal market may result in valuation uncertainties and greater volatility, less liquidity, widening credit spreads and a lack of price transparency in the market. There generally is limited public information about municipal issuers. As interest rates rise, the value of certain income investments is likely to decline. Longer-term bonds typically are more sensitive to interest-rate changes than shorter-term bonds. Investments in income securities may be affected by changes in the creditworthiness of the issuer and are subject to the risk of nonpayment of principal and interest. The value of income securities also may decline because of real or perceived concerns about the issuer's ability to make principal and interest payments. 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. 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.

All contents ©2023 Parametric Portfolio Associates® LLC. All rights reserved. Parametric Portfolio Associates®, Parametric with the triangle logo, DeltaShift®, PIOS®, Custom Core®, Custom to the Core®, and Make passive investing personal® are trademarks registered in the US Patent and Trademark Office.

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.

NOT FDIC INSURED. OFFER NOT A BANK GUARANTEE. MAY LOSE VALUE.
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT A DEPOSIT.