

# Parametric Overlay Solutions

## STRATEGY OVERVIEW

Parametric Overlay Solutions form a comprehensive portfolio management platform that seeks to enable institutional investors to optimize their portfolios and remain aligned with strategic policy objectives.

### Investment Philosophy

Parametric Overlay Solutions seek to address the complexities of policy implementation in institutional portfolios. Our approach aims to deliver value through robust portfolio construction and the implementation of rules-based, transparent investment methodologies focused on comprehensive risk management. This structure is tailored to support clients in achieving distinct and customized investment outcomes.

In line with this commitment, we prioritize consistent and proactive communication with our clients, engaging regularly to understand their evolving goals and objectives. We also reach out when market developments create opportunities to potentially enhance program results.

#### KEY OVERLAY OBJECTIVES INCLUDE:

- Maximizing execution quality and managing exposures with an emphasis on cost efficiency
- Increasing expected portfolio returns, liquidity and flexibility
- Strengthening risk controls during transitions and reallocations
- Providing thorough daily monitoring of fund exposures
- Minimizing performance deviation from policy benchmarks

### Overlay by the numbers

#### EXPERIENCE

30+

Years managing overlay programs

#### SCALE

\$161BN+

In overlay assets under management

#### EXECUTION

\$1TN+

In exposure value traded annually on behalf of clients<sup>1</sup>

### Potential Benefits of an Overlay Program

#### IMPROVE RETURNS

Solutions tailored to your goals and designed to minimize transaction costs and increase expected portfolio returns.

#### ENHANCE RISK MANAGEMENT

Strategic advice on exposure management and hedging solutions with a suite of tools to help address and manage specific portfolio risks.

#### INCREASE PORTFOLIO FLEXIBILITY

A customized implementation program that can enhance liquidity and address persistent or episodic risks without disruption.

As of 12/31/2025.

<sup>1</sup> Trade statistic includes physical and derivative instruments traded on behalf of Overlay Solutions clients.

There is no guarantee that intended benefits will be achieved. Investing in an overlay strategy involves risk. All investments are subject to loss.

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## Overlay Solutions

Parametric's overlay solutions are **expertly designed** to address complex portfolio challenges with creativity and disciplined execution. Each solution is customized for client needs, ensuring robust risk management, capital efficiency, and seamless integration—aiming to deliver results without disrupting existing strategies.

Our **core overlay solutions** are designed to address portfolio-specific shortfalls and inefficiencies. These include:



### CASH OVERLAY

Improve liquidity, reduce transaction costs and eliminate cash drag on operating and manager cash balances.



### CURRENCY OVERLAY

Adjust currency exposure and mitigate unintended currency risks.



### REBALANCING OVERLAY

Daily monitoring of portfolio allocations and thresholds allows for prompt rebalancing of portfolio exposures, reduced transaction costs and tracking error.



### TRANSITION OVERLAY

Reduction of performance risk through mitigation of exposure gaps, with added flexibility in manager terminations and new manager searches.

We also offer **advanced solutions** and **outsourced implementation** capabilities. These include:



### EXPOSURE SOLUTIONS

Parametric also offers advanced solutions such as portfolio completion, portable alpha, LDI and hedging.

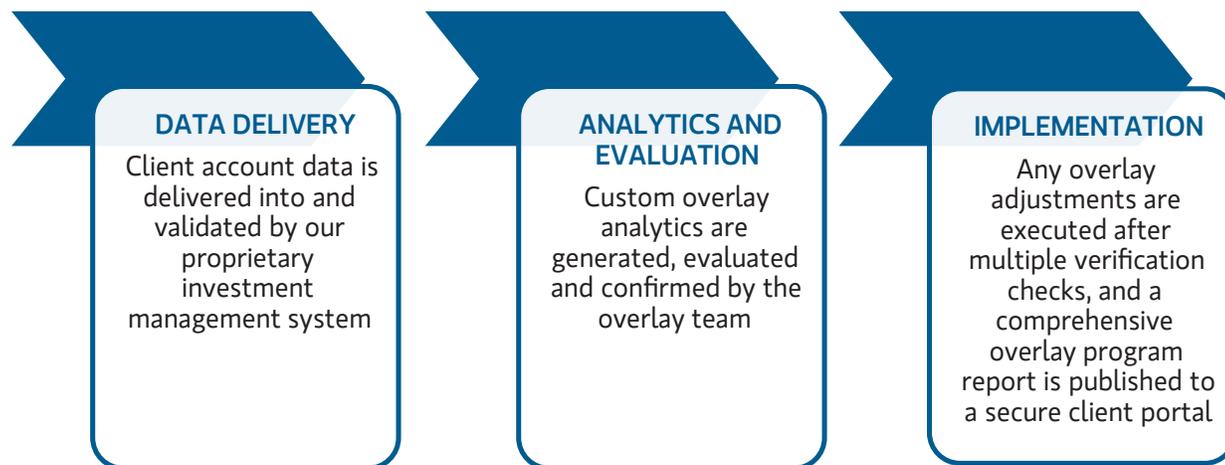


### CROSS ASSET PORTFOLIO SOLUTIONS

We built a full beta management toolkit that provides dedicated investment team members focused on outsourced implementation and exposure management.

## Portfolio Management Process

We partner with our clients to assess desired market exposures, determine appropriate tracking methodology, identify appropriate instruments, and determine trade timing—all within the framework of the investors' risk tolerance.



This represents how the portfolio management team generally implements its investment process under normal market conditions.

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## Team Leadership



**RICKY FONG, CFA**  
Managing Director,  
Co-Head of Overlay Solutions



**CLINT TALMO, CFA**  
Managing Director,  
Co-Head of Overlay Solutions

## Why Parametric?

Parametric is an organization built from 30 years of problem solving via expertise, collaboration and client focus. Our solutions blend creativity and diligence to deliver the ideas and execution today's institutional investors need to solve their unique challenges.

130+

Global markets where we operate

\$694Bn

Assets under management

213

Investment Professionals

Information as of 12/31/2025.

AUM includes overlay exposure, and both discretionary and nondiscretionary assets of Parametric Portfolio Associates LLC ("the Firm"), and \$8.9Bn in assets of Parametric SAS. Please refer to the disclosures for additional information regarding the Firm.

### ABOUT

Parametric Portfolio Associates LLC ("Parametric"), headquartered in Seattle, is registered as an investment advisor with the U.S. 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. 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, and Westport. 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.

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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 325, 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 [www.parametricportfolio.com](http://www.parametricportfolio.com).

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