

# Parametric Multifactor Strategies

## STRATEGY OVERVIEW

Multifactor investment strategies seek to combine the potential benefits of passive and active investing to improve investment outcomes.

### Investment approach

Parametric's Multifactor Strategies were introduced to diversify away the cyclicity risk of factor returns in a risk-controlled, liquid, and low-cost manner. To achieve this, we use an integrated optimization approach, which allocates risk across target factors, maximizing exposure to compensated risks, subject to constraints on sectors, beta and other non-target exposures, as well as limits on stock-level concentration and trade sizes. This approach seeks a liquid and tradable exposure appropriate for institutional-sized mandates.

### Investment objective

Parametric has provided investors with exposure to equity factors for several decades. Our Multifactor Strategies are dynamically adjusted based on each factor's recent risk-adjusted performance, while limiting unintended bets in the portfolio.

Portfolios are constructed using an integrated optimization approach that:

- Delivers robust exposure to targeted factors
- Limits unintended bets
- Ensures liquidity and low cost

We offer a diversified portfolio of stocks targeting the following investment factors:

#### Quality

The underlying business is financially healthy.

#### Momentum

The stock price has strong recent performance.

#### Value

The stock price is reasonable relative to its fundamental value.

#### Low Volatility

The stock price has low company-specific volatility.

There is no guarantee that the investment objectives will be met. All investments are subject to risk, including risk of loss.

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### Parametric Factor Investing by the Numbers

**\$252Bn+**

Systematic equity AUM, including \$7Bn+ in factor strategies

**20+ years**

Experience in factor strategy research

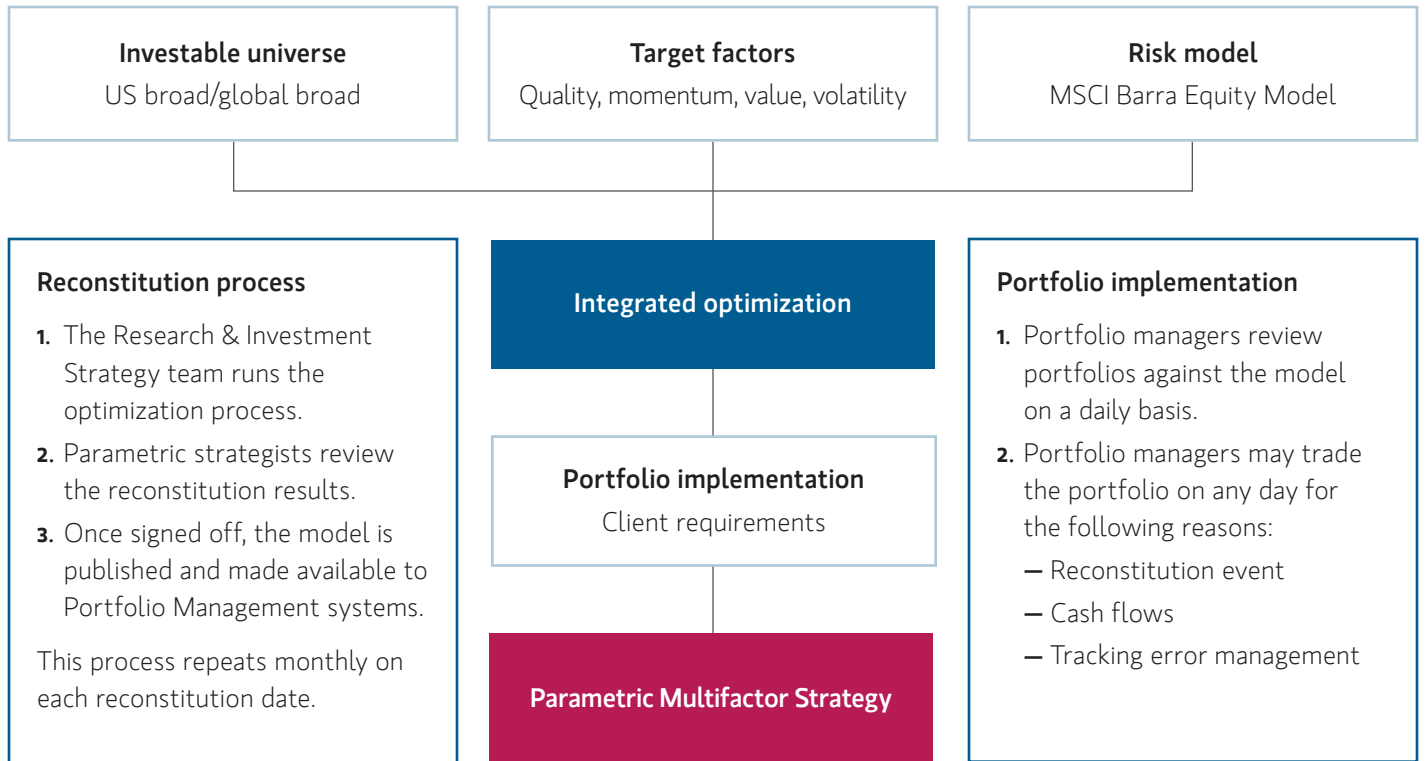
**500+**

Accounts using our factor strategies

As of 12/31/2024

## Portfolio Construction

We actively monitor and update our factor weightings based on risk, correlations, factor momentum, and our most current research.



For illustrative purposes only.

The information represents how the investment team generally applies their investment processes under normal market conditions. All investments are subject to risk, including risk of loss.

## Potential Benefits

### DIVERSIFICATION

Less reliance on any one factor, sector, country or stock to drive excess returns may result in a smoother ride than more concentrated approaches.

### TRANSPARENCY

A rules-based, quantitative investment process delivers a portfolio built from the ground up that seeks to capture factor premia that have been extensively validated by practitioners and academics.

### FLEXIBILITY

Ability to incorporate a factor-timing signal to dynamically allocate risk between factors.

Diversification does not eliminate the risk of loss.

## Portfolio Management Leadership



**BEN DAVIS, PHD**  
Global Head of Research



**PAUL BOUCHEY, CFA**  
Managing Director, Research



**JEFF WAGNER, CFA**  
Senior Investment Strategist

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## 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

\$574Bn+

Assets under management<sup>1</sup>

198

Investment Professionals

Information as of 12/31/2024.

<sup>1</sup>AUM includes overlay, fixed income, equity exposure and both discretionary and nondiscretionary assets of Parametric Portfolio Associates LLC. Please refer to the disclosures for additional information regarding the Firm.

### DISCLOSURES

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The value of commodity investments will generally be affected by overall market movements and factors specific to a particular industry or commodity, which may include weather, embargoes, tariffs, health, political, international and regulatory developments. Economic events and other events (whether real or perceived) can reduce the demand for commodities, which may reduce market prices and cause their value to fall. The use of derivatives can lead to losses or adverse movements in the price or value of the asset, index, rate, or instrument underlying a derivative due to failure of a counterparty or due to tax or regulatory constraints.

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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](http://www.parametricportfolio.com).

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